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## Business Outlook, Vol. 10, No. 2, Winter 1994

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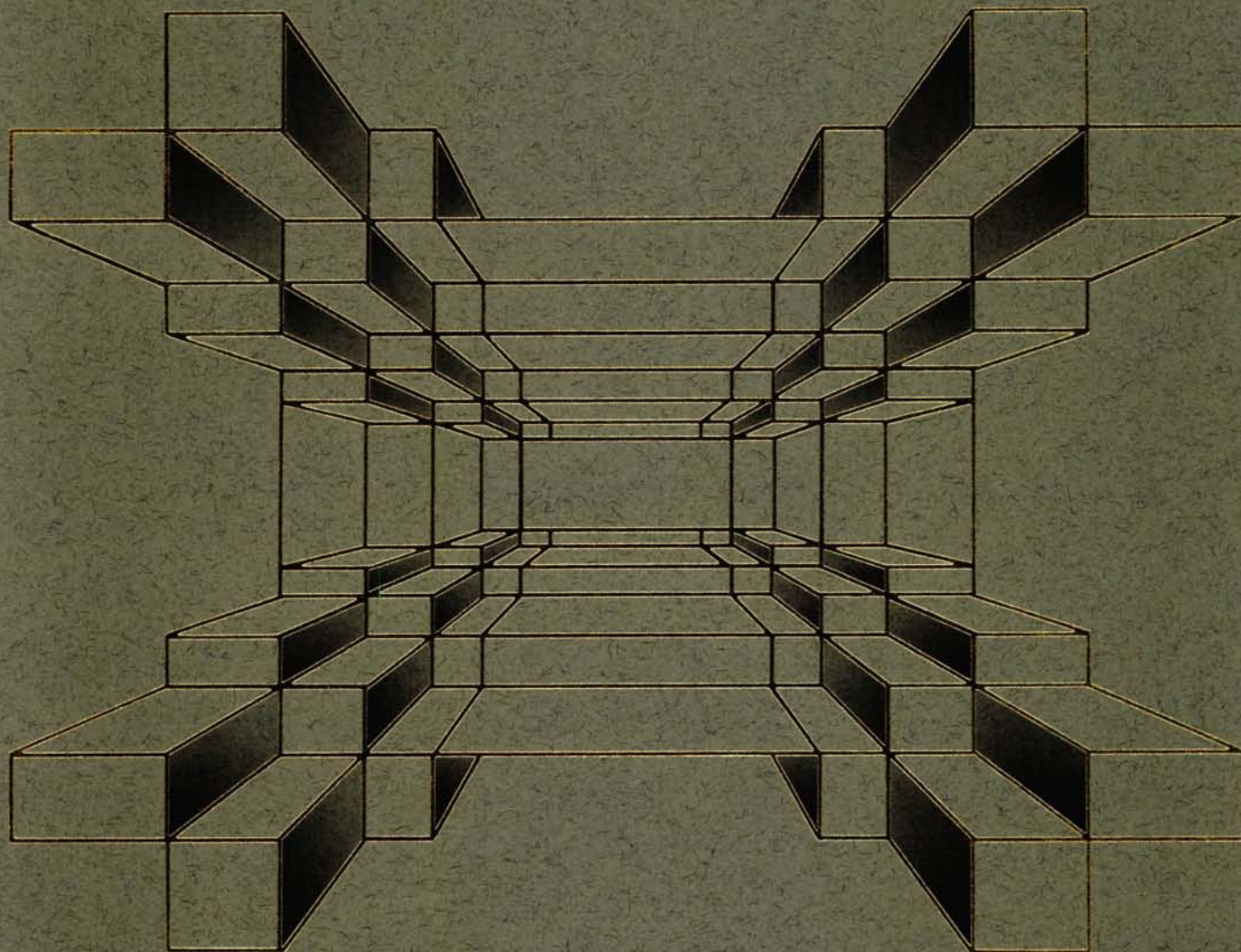
### Citation

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# BUSINESS OUTLOOK

## for West Michigan



### **Forecast**

- A Hard Act To Follow

### **Feature Article**

- The 1994 and 1995 West Michigan Employment Forecast



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*BUSINESS OUTLOOK for West Michigan* is published four times a year by the W. E. Upjohn Institute for Employment Research. The Institute, a non-profit research organization, is an activity of the W. E. Upjohn Unemployment Trustee Corporation, which was formed in 1932 for the purpose of carrying on "research into the causes and effects of unemployment and measures for the alleviation of unemployment."

# BUSINESS OUTLOOK for West Michigan

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Vol. X, No.2  
Winter 1994

W. E. UPJOHN INSTITUTE for Employment Research



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# BUSINESS OUTLOOK

## Discussion Paper

### 1994 and 1995 West Michigan Employment Forecast

George A. Erickcek

#### Introduction

Output is up, consumer confidence is high, and nearly all economic indicators are positive and rising. Over the past several months, one would be hard-pressed to find discouraging words about the general direction of the national economy. That is, except for an upward trend in commodities prices, which may have been one of the factors prompting the Federal Reserve Board (Fed) to nudge its federal fund rate from 3 percent, where it stood stationary for more than 18 months, to 3.25 percent.

The action by the Fed, which was expected to occur sooner or later, points to the most pressing economic issue facing national policymakers: how to foster a growing economy in a low-inflationary environment. Some evidence suggests the slight increase in interest rates may have been a tad premature, as there is still slack in the economy. Moreover, fierce international competition is restricting upward price mobility in many markets.

Overall, the employment outlook for West Michigan is positive for 1994. However, given the Fed's sincere desire to keep inflation under control, West Michigan businesses must map out a competitive strategy, where the route to higher profits lies not in increasing prices but in achieving production efficiencies.

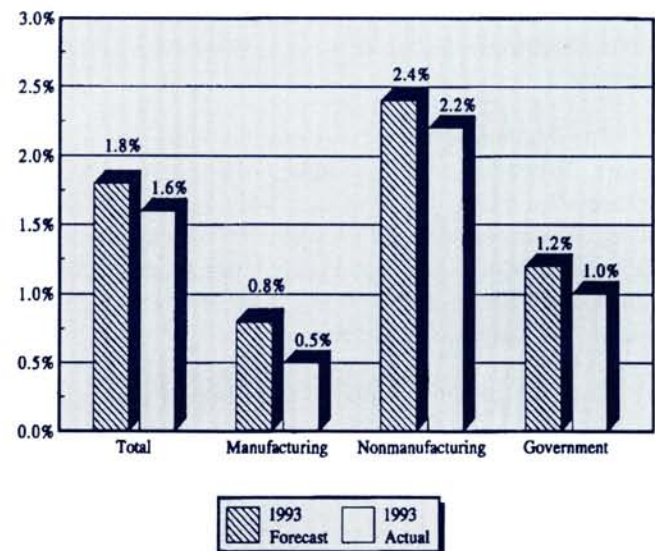
We will examine the economic factors that triggered the Fed's action before presenting our 1994 and 1995 forecast for the five metropolitan areas of West Michigan. But first, we revisit last year's forecast.

#### 1993 Forecast - How Did We Do?

Our forecast for last year was very near the mark. As shown in Chart 1, we missed the change in total employment by only 0.2 percent. Total employment rose by 1.6 percent compared to our forecast of 1.8 percent. Our modest overestimation of growth occurred in all employment sector forecasts: manufacturing, nonmanufacturing, and government. In particular, we muffed our prediction of the timing of employment reductions at Kalamazoo County's General Motors facility and did not foresee the continued restructuring in the Muskegon manufacturing sector. Finally, we

overshot gains in government employment in several of the region's metropolitan areas.

Chart 1  
1993 West Michigan Employment  
Forecast v. Estimate



A more subtle error in our modeling of the regional economy is revealed by the fact that our near on-target forecast of nonmanufacturing employment would have probably been off the mark if indeed the region's manufacturing and government sectors had achieved forecasted levels. The increase in consumer services and businesses that would have been generated by more robust manufacturing and government sectors would have pushed nonmanufacturing up beyond our forecasted 2.4 percent. Over the past several years, growth in nonmanufacturing sectors appears to be less and less dependent on manufacturing.

#### Is the National Economy Overheating?

The fourth quarter burst of economic activity clearly turned heads at the Federal Reserve, but it is not the only statistic pointing to a strengthening economy. The carefully watched Purchasing Managers Index now stands at 57.9



percent, well above the 50 percent mark that suggests an expanding manufacturing sector. The government's Index of Leading Indicators also rose 0.7 percent in January and has been on the rise for six months.

Over the past year, the nation's interest-sensitive sectors of residential construction, producer durables, and consumer durables have been the driving force in the economy. During the fourth quarter of 1993, even nonresidential construction stirred, growing at a 10.7 percent annual pace after remaining comatose for more than 12 quarters.

All this good news triggered a restrictive monetary response because of fears that inflationary pressures may be building. Inflation is not a problem now. The CPI-U, the most widely used measure of inflation, rose just 2.7 percent during the 12-month period ending in December. Moreover, the Gross Domestic Products Consumer Price Deflator increased just 2.2 percent over the same 12-month period.<sup>1</sup> The GDP Price Deflator, the broadest of all price indexes, rose just 2.2 percent even during the robust fourth quarter.

The problem is that it takes time for monetary policy to work. To combat anticipated inflation, it is best to conduct a preemptive attack. Inflation rises when bottlenecks in production or excess demand for resources such as raw materials and labor push prices and price expectations up. So, like a responsible host, the Fed wants to remove the punch bowl before the party gets out of hand.

The Fed's gambit was played in the hope that a slight rise in interest rates now would release some inflationary pressures, as well as lower inflationary expectations, by slowing but not stopping the growth in interest-sensitive sectors. If successful, it would avoid the harsher measures that would be needed later if inflation truly became a problem.

For West Michigan and the entire Midwest, which house a large share of interest-sensitive industries such as autos, industrial machinery, and office furniture, the question is whether the Fed acted prudently or prudishly. Several indicators suggest that the party is still young, and that there is still plenty of room for low-inflationary growth to occur in the Midwest and the nation as a whole.

First, the national unemployment rate is still well above 6 percent, and the growth in wages and salaries has been modest. Although the economy is in its 34th month of recovery, total employment is now just reaching the prerecessionary high. The nation's sluggish labor market is also reflected in the fact that unemployed workers are finding it difficult to get jobs. In comparison, during the recovery from the 1982-83 recession, total employment surpassed the prerecessionary high after just nine months from the trough. The average duration of unemployment, 18.2 weeks, is still the highest since 1983. Moreover, the job outlook is not

robust, although most manufacturers are expecting greater sales in 1994. Recently, the U.S. Commerce Department predicted that 121 manufacturing industries out of the 136 surveyed would achieve sales gains in 1994; however, of those 121 industries, an estimated 60 percent are expected to cut jobs this year.

Slack employment conditions are also reflected in the modest rise in wages and salaries over the past year. During the 12-month period ending in September 1993, the employment cost index rose only 3.7 percent, with wages and salaries increasing only 3.1 percent. The nation's lackluster job growth, high durations of unemployment and modest wage increases all point to an economy that is not overindulging.

Second, the nation's factories, on average, are not hitting capacity constraints. Overall, the nation's industries are operating at 83 percent capacity, still below 1988 and 1989 utilization levels and the 85 percent mark which is commonly taken as full capacity. Some industries may be pushing up against constraints, however. The latest polling of the nation's purchasing managers did warn of price increases in lumber, steel, and electronic memory circuits. Moreover, commodity prices, in general, are creeping upward.

Third, constrictive federal fiscal policy is creating a drag on the economy. Government spending has been flat over the past several quarters, with real declines occurring in military expenditures. In addition, the recent income tax increase on the wealthy will have a slight dampening effect on consumer spending.

In fact, the national deficit, a constant source of anxiety in the bond market, has declined in real terms over the past several years. Moreover, the University of Michigan forecasts that the national deficit as a percent of Gross Domestic Product will decline in 1994 and 1995 to 2.3 percent and 2.1 percent, respectively. In 1993, the national deficit measured 3.4 percent of GDP. In response, the yield curve, which connects the rate of interest on short- and long-term maturities, has flattened over the past several months.

Fourth, international competition is keeping a lid on price increases. Although the dollar has fallen relative to the Japanese yen, it has appreciated against most European currencies, making their imports highly competitive. In more general terms, the United States continues to become more integrated in the world economy. Most of our industries face stiff international competition, which requires them to keep prices down and quality up.

Finally, leading forecasters have been calling for low inflation in the coming years without any intervention by the Fed. The University of Michigan, for example, predicted that the CPI-U would grow just 2.9 percent in 1994 even if the Fed kept its federal funds rate at 3.0 percent. Surveyed



consumers also reveal low expectations for inflationary growth over the next five years.

In summary, it is clear that the national economy is not overheating, yet. Currently, inflation and inflationary expectations, except in some commodity markets, remain low. Overall, whereas some may disagree with the Fed's action, few expect that a quarter percent rise in the federal funds rate will derail the recovery.

#### **Doing Business in a Low Inflationary Environment**

Even before the Fed's move, most economists expected inflation to remain in the 3 percent range over at least the next two years. Low inflation is in the best interest of the business community; however, it is also an environment that will not tolerate sloppy management. Speaking about a low inflationary environment, Alan Greenspan, chairman of the Federal Reserve Board, said, "Businesses seeking to increase their profit margins can do so only by enhancing efficiencies." If price increases cannot stick, it will be the low-cost, high-quality firms that will reap profits. Price pressures are forcing businesses to seek out simpler designs and more efficient technologies and work environments. Companies, especially in the auto industry, are requiring suppliers to both cut costs and help in designing more cost-effective methods of production.

A low inflationary environment also frees companies from spending time hedging money against inflation and enables them to plan for the future with less uncertainty. In other words, they can focus on their business, rather than on money management.

For workers, a low inflationary environment means better deals on better products in the marketplace, but it also means smaller wage increases. At the same time that wage increases may be disappointing, however, employers are making greater demands on their workforce.

Finally, in the construction industry, low inflation expectations have nearly eliminated the speculative housing market. Housing is being stripped of its role as a hedge against inflation and is increasingly looked upon as simply providing shelter.

#### **1994 and 1995 Economic Outlook for West Michigan**

The W.E. Upjohn Institute maintains economic forecasting models for each of the five metropolitan areas of West Michigan. The forecasts generated by these models are determined, in part, by economic growth assumptions concerning the national and state economies. In addition, we also incorporate into the forecast future employment changes announced by area businesses. First, we turn to our national growth assumptions.

#### **National Outlook**

As in past years, we use the University of Michigan's Research Seminar in Quantitative Economics (RSQE) national forecast in generating our regional forecasts. This year, the RSQE's national forecast is on the pessimistic side. While most forecasters are calling for GDP to grow by 3.0 percent in 1994, RSQE forecasts a more moderate 2.4 percent rise. Since such an increase in output can be met with increased productivity, RSQE is predicting little change in the nation's unemployment rate. RSQE is in agreement with nearly all forecasters that inflation will not be a problem in 1994 and further predicts that interest rates on conventional mortgages will run just above 7 percent in both 1994 and 1995. They foresee short-term interest rates on three-month treasury bonds staying between 3.0 and 3.5 percent during the two-year period.

RSQE forecasts car and light truck sales to reach 14 million units in 1994, and housing starts for both single and multiunit structures to climb to 1.4 million units, up from 1.25 units in 1993. Both predictions are, again, on the low side of the consensus forecast of leading forecasters. Most analysts put 1994 car and light truck sales up around 14.8 million units, with Ford and Chrysler predicting even greater sales.

The housing market, however, is facing serious challenges that may hold the industry back from having a bonus year in 1994. First, soft-wood lumber prices, although descending from their peak of last March, are still high. Supply and demand conditions are not encouraging. The earthquake in Los Angeles is sending shock waves on the demand side. Meanwhile, the ongoing environmental issues in the Pacific Northwest and the trade disputes with Canada, which supplies approximately one-third of the nation's soft-wood lumber, are keeping the supply down.

The baby dearth generation, individuals born in the late 1960s and early 1970s, is entering the starter-house market, causing demand for lower-priced houses to slacken nationwide. Finally, as mentioned earlier, with low inflation, the speculative market for housing is waning.

For 1995, the University of Michigan forecast calls for GDP to grow at a lower 2.4 percent rate. RSQE foresees a decline in business spending for industrial machinery and new vehicles in 1995, which would have serious consequences for manufacturing employment in West Michigan.

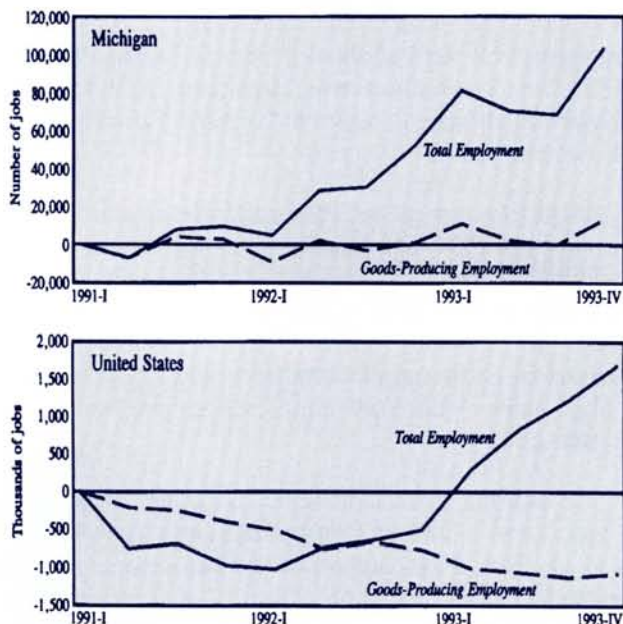
#### **Michigan Outlook**

The Great Lakes states have performed well during the past year. Low interest rates generated solid demand for the region's capital equipment industries. At the same time, the region, which is not a major producer of military goods, is



expected to dodge the impact of the shrinking federal expenditures. Diane Swonk, senior regional economist for First of Chicago, contends that the Great Lakes states are "sheltered from the worst, and positioned to benefit from the best that the economy has to offer."<sup>2</sup>

**Chart 2**  
**Employment Change Since the Recessionary**  
**Trough: First Quarter 1991**  
**Michigan v. United States**



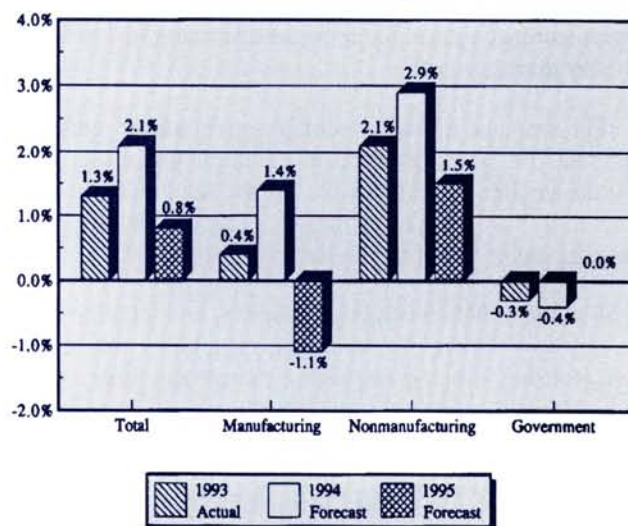
Compared to the other Great Lakes states, Michigan is still the laggard. It has performed better than the national average in recent years, however. In 1993, the state's unemployment rate matched that of the nation for the first time since 1978. Since the end of the 1990-91 recession, total statewide employment has grown by 99,700 workers or 2.6 percent, compared to a smaller 2.4 percent gain nationwide, as shown in Chart 2. Moreover, although the state's auto industry continues to downsize, goods-producing employment has risen by 11,400 workers or 1.1 percent over the same period, whereas nationwide goods-producing employment has fallen by slightly over 1 million jobs or 4.5 percent.

In November, the United Auto Workers and the Big Three auto companies signed a three-year contract that provides for moderate wage and salary increases, reduced starting wages for new workers, and reinstatement of the job bank program. Under the contract, workers will receive a 3 percent wage increase this year, followed by similar lump-sum payments in 1995 and 1996. For Ford and Chrysler,

which may hire new workers in the coming years, the contract is attractive because it lowers the starting pay for entry workers to 75 percent of basic pay, down from 85 percent. For General Motors, which is still downsizing, the contract is not as agreeable. Under the job bank program, workers who are impacted by volume-related layoffs enter a job bank upon exhausting their 36 weeks of supplemental unemployment insurance, if they are not needed on the assembly line. While in the job bank, they are guaranteed their basic wage and benefits and are counted as being employed although they are not working.

As shown in Chart 3, we predict that total statewide employment will increase 2.1 percent in 1994 due to a robust 2.9 percent gain in nonmanufacturing employment and a 1.4 percent rise in manufacturing employment. Government employment is expected to decline slightly as the state government continues to downsize. The state's increase in manufacturing will occur outside of the auto industry. Employment in the auto industry is expected to remain stable due to the replenishing of the job bank program. This prediction is supported by the fact that statewide production workers are already logging an average of 44.0 hours per week, well above the national average of 41.7 hours.

**Chart 3**  
**1994-95 State of Michigan Employment Forecast**  
**(Percent Change)**



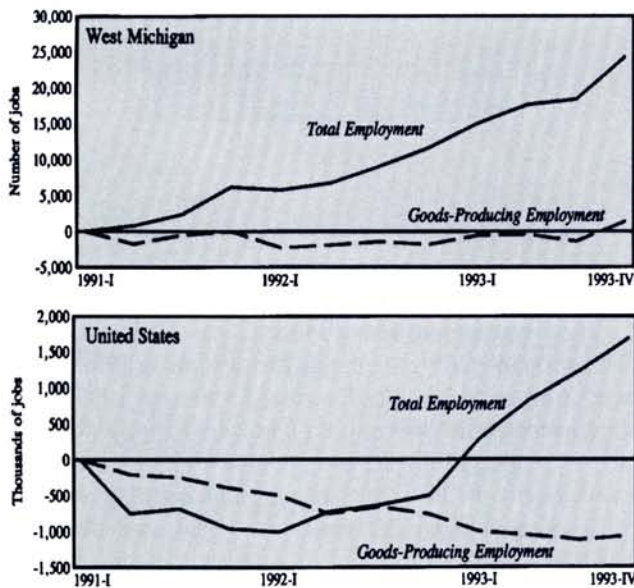
In 1995, a large share of the 1994 employment gains in manufacturing may disappear if RSQE's forecasted decline in demand for industrial machinery, equipment, and vehicles occurs.



## West Michigan Outlook

West Michigan also outperformed the nation in terms of job growth during the current expansion. As shown in Chart 4, total employment grew by 24,350 workers or 3.7 percent above the first quarter of 1991 during the recovery in the five metropolitan areas, compared to the national employment gain of 2.4 percent. Goods-producing employment increased by 0.5 percent or approximately 1,000 workers in a time when more than 1 million jobs were lost nationwide.

**Chart 4**  
Employment Change Since the Recessionary  
Trough: First Quarter 1991  
West Michigan v. United States



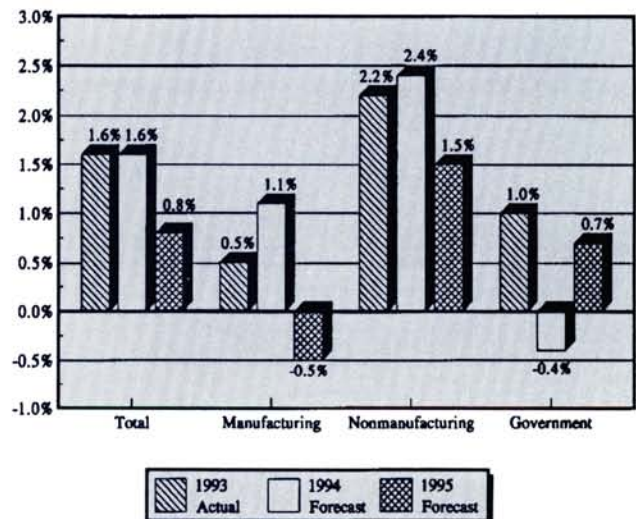
In preparing the West Michigan forecast, we took into consideration publicly announced future plant expansions and reductions including:

- Planned employment gains at Nipponenso and General Foods in the Battle Creek area

- The expansion of Diesel Technology Incorporated in the Grand Rapids area
- Continued downsizing at The Upjohn Company and at the General Motors' Comstock Plant in Kalamazoo County
- The planned expansion of Beach Products in Kalamazoo County

We predict this year's total employment growth to match last year's percentage increase of 1.6 percent (Chart 5). However, manufacturing employment should increase 1.1 percent in 1994 after only rising 0.5 percent in 1993. Again, the prediction of future employment gains in manufacturing is supported by the average work week for production workers reaching 42.9 hours in the fourth quarter of 1993 in the five metropolitan areas. Unfortunately, half of the job gains in manufacturing in 1994 may be erased in 1995. Government employment is forecasted to slip 0.4 percent in 1994, due to continuing fiscal constraints being faced by local and state governments and all levels of education.

**Chart 5**  
1994-95 West Michigan Employment Forecast  
(Percent Change)

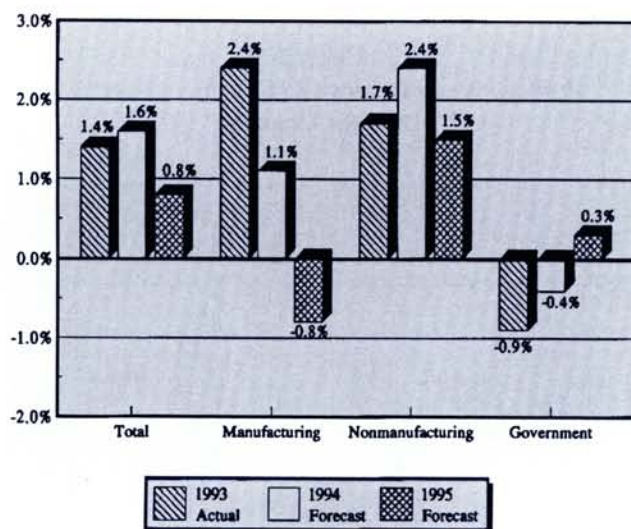




## Battle Creek Labor Market Area

Employment in the Battle Creek Labor Market Area (Calhoun County) rose by 1.4 percent in 1993, due to a remarkable 2.4 percent climb in manufacturing employment for the year. Employment gains were witnessed in both non-durable and durable goods production. In 1994, total employment is expected to expand by 1.6 percent, with employment predicted to grow by 1.1 percent in the area's strong manufacturing sector. In 1995, due to foreseen declines in business demand for industrial equipment and machinery, manufacturing employment is predicted to fall by 0.8 percent.

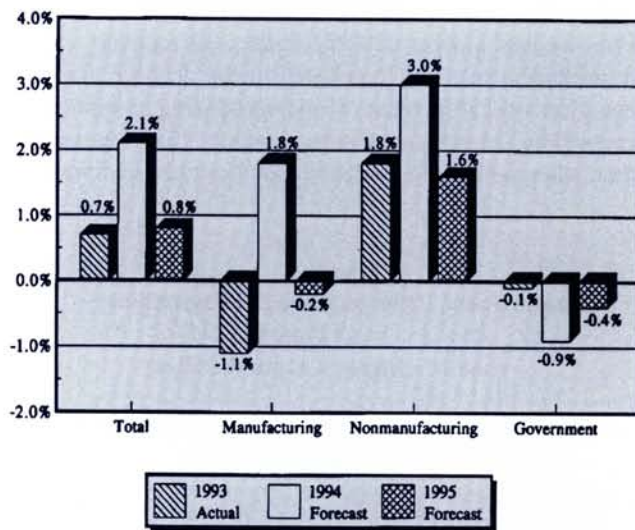
**Chart 6**  
1994-95 Battle Creek Labor Market Area  
Employment Forecast  
(Percent Change)



## Benton Harbor MSA

The Benton Harbor MSA (Berrien County) economy struggled in 1993 due to employment reductions by several of its larger employers, including ZDS (Computers). Still, total employment rose 0.7 percent in 1993, although manufacturing employment fell 1.1 percent. In 1994, total employment is forecasted to increase by 2.1 percent, with strong gains expected in both manufacturing and nonmanufacturing. On the down side, employment declines are foreseen in government.

**Chart 7**  
1994-95 Benton Harbor MSA Employment Forecast  
(Percent Change)



## Grand Rapids Labor Market Area

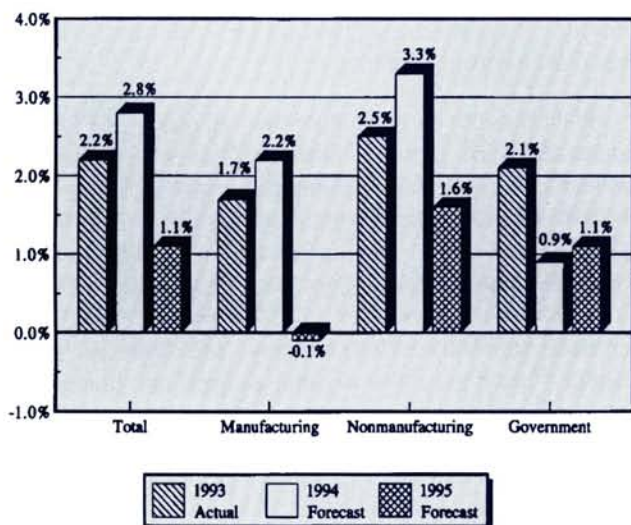
The Grand Rapids Labor Market Area (Kent and Ottawa Counties) enjoyed strong employment gains in 1993. Moreover, further gains are forecasted through 1995. Total employment in 1994 is expected to increase by 2.8 percent in 1994, on top of the 2.2 percent climb witnessed in 1993. Employment in the area's robust manufacturing sector is predicted to rise by 2.2 percent in 1994, and then hold steady in 1995. This foreseen rise in manufacturing employment is quite impressive, given that little change is expected in furniture employment. Unlike the other metropolitan areas in West Michigan, strong employment gains are also expected in the area's government sector, including public education, due in part to population growth.

## Kalamazoo Labor Market Area

Total employment in the Kalamazoo Labor Market Area rose 1.4 percent in 1993, despite a large 1.4 percent decline in manufacturing employment caused by the downsizing of the General Motors Comstock Township plant. General Motors eliminated approximately 600 jobs at the facility in 1993, and employment levels are expected to be drawn down by another 1,000 workers in 1994. The plant is expected to employ approximately 1,000 workers until mid-1998 when the plant is currently scheduled to be closed. In addition, The Upjohn Company announced plans to reduce its workforce by 400 in 1994.

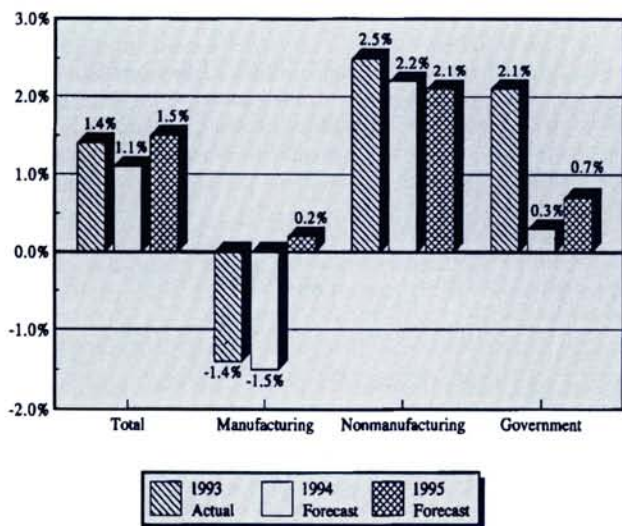


**Chart 8**  
**1994-95 Grand Rapids Labor Market Area**  
**Employment Forecast**  
**(Percent Change)**



Given these employment reductions in the area's manufacturing sector, employment in Kalamazoo County is expected to increase by only 1.1 percent in 1994. Manufacturing employment is predicted to decline by 1.5 percent in 1994, but nonmanufacturing employment is expected to grow 2.2 percent.

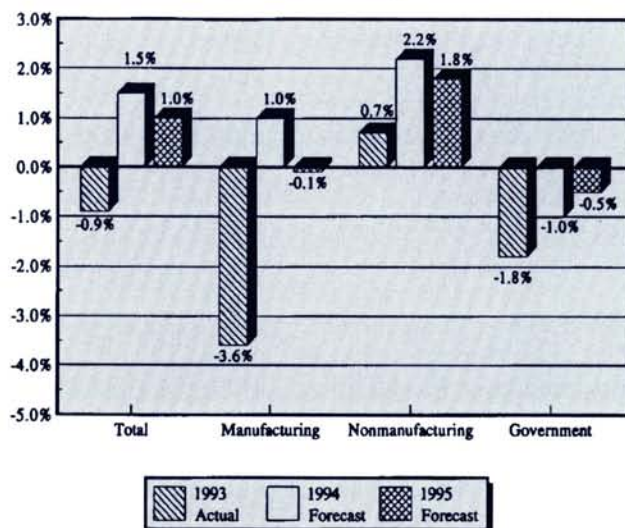
**Chart 9**  
**1994-95 Kalamazoo Labor Market Area**  
**Employment Forecast**  
**(Percent Change)**



## Muskegon Labor Market Area

Total employment in the Muskegon Labor Market Area (Muskegon County) declined 0.9 percent in 1993, due to a 3.6 percent drop in manufacturing employment and a 1.8 percent decline in government employment. The improving national economy is expected to put Muskegon County on the plus side in 1994, however. Total employment is forecasted to grow by 1.5 percent in 1994, as the area's manufacturing sector turns the corner. Manufacturing employment is expected to rise 1.0 percent in 1994, and hold steady in 1995. However, government employment is predicted to continue to decline in the next two years.

**Chart 10**  
**1994-95 Muskegon Labor Market Area**  
**Employment Forecast**  
**(Percent Change)**



## Outlook for Key Industries

The West Michigan economy is highly diversified, but two major industries are clearly important to the area's economic well-being: autos (suppliers) and office furniture. While West Michigan does not house any auto assembly plants, its supplier network is immense and crosses many industrial classifications, including fabricated metals, plastics, glass, and leather.

As mentioned above, the University of Michigan forecast used in our regional models of the West Michigan metropolitan areas calls for sales of cars and light trucks to reach 14 million units in 1994. However, most analysts call for stronger sales. Ford and Chrysler are extremely bullish,



predicting sales to reach up to and perhaps beyond 16 million units by 1996. Given the conservative nature of the University of Michigan's forecast, it is possible that our regional forecast of employment growth may underestimate the impact on the region's manufacturing sector of the coming year's auto sales.

Regardless of whether our outlook underestimates the output growth in the auto industry, it is clear that the conditions facing all auto suppliers are becoming more demanding and more uncertain. First, the auto companies are striving to lower costs by (1) reducing the number of parts used per vehicle, (2) passing some of the design work to suppliers, and (3) demanding lower prices on parts. General Motors, for example, plans to reduce the number of platforms it has used for its model lines from 12 to 5 by the year 2000. At the same time, the Big Three are trying to reduce their number of suppliers. Ford, for example, is aiming to reduce its supplier base from 1,200 to 800.

These changes mean that auto suppliers who have design capabilities and produce quality parts will have a better chance at survival. But even for these firms, the auto companies, especially General Motors and Toyota, are expecting significant price reductions as well. Moreover, suppliers must face higher design costs and keep prices down on parts that will have shorter production runs, as the auto companies attempt to change new car models more frequently.

Not all news is bad for the area's auto suppliers, however. First, auto companies are expected to explore out-of-house parts production options to cut costs. In general, wages at unionized independent suppliers are about 65 percent of those found at in-house parts suppliers; wages at nonunion suppliers are about half as much as in-house production wages. Second, foreign nameplates are expected to turn more and more to domestic parts producers due to political pressure and the high relative value of the yen to the dollar. In short, the impact on West Michigan of future trends of the auto industry will depend upon the ability of the region's suppliers to meet the challenge.

The West Michigan office furniture industry has been playing an aggressive game of catch-up for the past several years. In the early 1990s, the industry's fastest growing markets switched from office systems to ready-to-assemble

components for home offices and small businesses. Steelcase has met the challenge by introducing its Firstfile line of competitively priced files and its Turnstone line of furniture, which will be available through the Office Depot chain of office supplies. Haworth, on the other hand, responded by buying Globe Business Furniture, an established maker of low-cost business furniture.

In addition to these markets, the region's office furniture companies are pursuing international opportunities and other niche markets such as the healthcare providers. However, they are also facing strong competition from office furniture refurnishers. In this highly competitive environment, office furniture producers are demanding higher productivity levels from their workers and shorter research and development schedules. Unfortunately, the increase in the demand being put on production workers has caused labor relations at these companies to be strained.

### **Outlook: Continued Growth in a Highly Competitive Environment**

Employment is expected to grow in the West Michigan economy in the next two years, but the magnitude of this growth will depend upon the competitiveness of its manufacturing base. If the Fed is successful in keeping inflation locked up, cost and quality competition will heighten among a decreasing number of businesses. For example, the number of domestic auto suppliers has declined by almost 25 percent between 1970 and 1990. Betty Daly, President of Mayday Chemicals in Kalamazoo, is right when she says that to survive firms must adhere to the four F's: flat, flexible, fast, and focused.

### **NOTES**

1. There is concern that the CPI-U, which measures the price changes that occur in a fixed market basket of goods and services consumed by an average urban consumer, may be overestimating the change in consumer prices. It does not allow for product or service substitution as relative prices change, nor does it factor in seller discounts that are available. The Gross Domestic Products Consumer Price Deflator is a measure of all consumer prices and services.

2. Diane C. Swonk, "The Midwest Economic Outlook," presented at the University of Michigan's 1993 Economic and Social Outlook Conference, Ann Arbor, MI, November, 1993.



# BUSINESS OUTLOOK for West Michigan

## A Hard Act To Follow

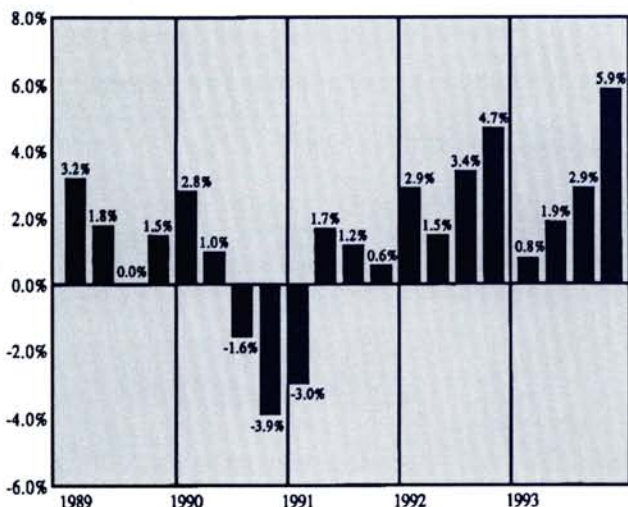
George A. Erickcek

Total employment in West Michigan grew by 0.9 percent during the final quarter of 1993. All major sectors posted employment gains, with the goods-producing sector particularly robust. Moreover, indicators suggest further job gains can be expected in the coming months in the region's goods-producing and service-producing sectors.

### The National Setting

Fourth-quarter growth in Gross Domestic Product (GDP) exceeded most analysts' expectations, expanding at a robust 5.9 percent average annual rate. With this extraordinary year-end performance, 1993 GDP grew 2.9 percent. The jump in economic activity in the fourth quarter was powered by a strong increase in interest-sensitive investment spending and by a confident and income-supported consumer sector. Government spending stood on the sidelines, and net exports were in the red.

**Chart 1**  
**Real Gross Domestic Product**  
(Percent change from preceding quarter  
at seasonally adjusted annual rates)



Private domestic investment soared in the fourth quarter of 1993, flying at a clearly unsustainable 23.7 percent annual rate. Expenditures on producers' durable equipment grew at a 24.6 percent annual rate, with spending on infor-

mation processing equipment, including computers, and industrial equipment leading the way. Capital equipment expenditures were strong throughout 1993 as companies took advantage of low interest rates to increase productivity and maintain a competitive edge by upgrading their plants.

The big news of the fourth quarter was the reawakening of nonresidential construction, which rose at a 10.7 percent annual rate. Nearly all of the spending was in buildings and not in utilities, mining or other nonbuilding structures.

For the Great Lakes region, the value of construction contracts for retail and office structures in the fourth quarter was up more than 30 percent over the same period last year. However, the value of fourth-quarter contracts for manufacturing projects in the region was down nearly 10 percent from last year.

Residential construction soared at an annual 31.7 percent annual rate nationwide in the fourth quarter of 1993. For the year, residential construction rose 8.7 percent. The strongest gains were recorded in the construction of single-family structures, while construction of multifamily units languished. Expenditures for the construction of single-family homes rose 10.1 percent in 1993, while investment in multiunit structures declined 20.3 percent. The value of residential construction in the Great Lakes region was up 9 percent over last year's level.

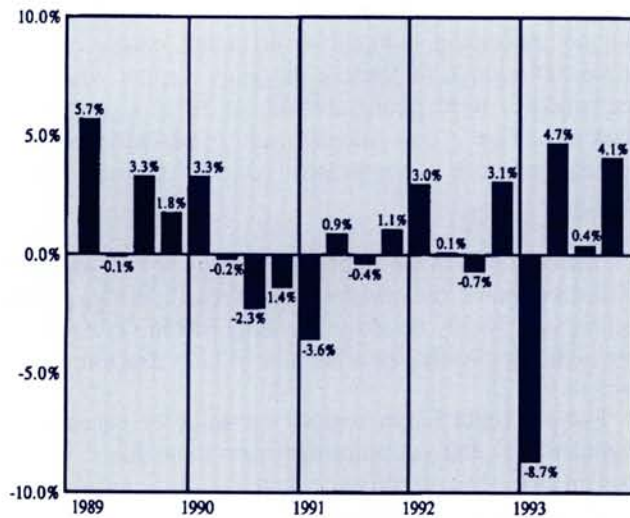
Increased residential construction and a jump in home sales led to a dramatic hike in furniture and household appliance expenditures. Consumer spending on household furniture and appliances rose at a 14.6 percent annual rate in the fourth quarter and at an 11.0 percent rate for all of 1993. Overall consumer spending on durable goods rose at a 14.3 percent annual rate in the fourth quarter. Consumer spending for nondurable goods and services rose at a very modest annual rate of less than 3.0 percent in the fourth quarter.



Car sales continued to be strong in the first month of 1994. In January, sales of autos and light trucks were 13.7 percent above 1993 levels, and achieved a robust 15 million unit annualized rate, despite the freezing weather conditions for most of the nation.

A strong fourth-quarter gain in disposable personal income fueled consumer spending as well. Disposable personal income rose at a 5.2 percent annual rate in the quarter, while overall consumer spending increased at a 4.0 percent annual rate.

**Chart 2**  
**Real Per Capita Disposable Income**  
(Percent change from preceding quarter  
at seasonally adjusted annual rates)

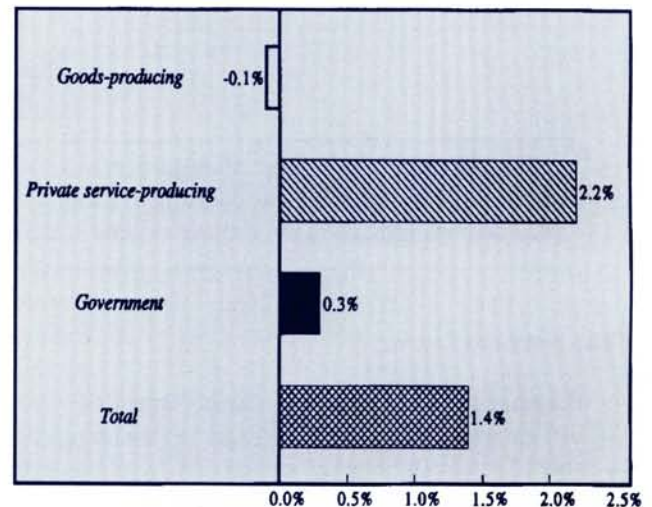


The January employment survey was somewhat disappointing in that only 62,000 jobs were created, down from the previous four-month average of 200,000 jobs. Still, the report had good news in that 26,000 manufacturing jobs were created, extending the string of months to four where the manufacturing sector gained jobs. The unemployment rate increased three-tenths of a percent to 6.7 percent, but that was mostly due to a design change in the survey. Still, consumers continue to be rocked by companies announcing major workforce reductions. The most recent announcement came from AT&T, which plans to cut 15,000 jobs or 16 percent of its workforce in two years.

Imports rose in the fourth quarter in response to the robust business spending on durable goods. Overall, imports rose at an 18.8 percent annual rate for the quarter. But much higher annual rates of growth were recorded for the imports of capital goods, especially computer-related equipment and durable industrial supplies and materials

excluding oil. Imports of consumer durables also grew in the quarter, but at a more moderate 9.3 percent annual rate.

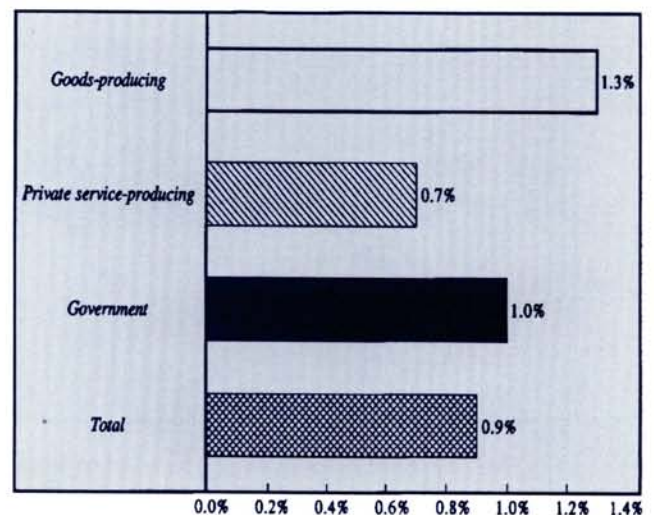
**Chart 3**  
**United States Employment**  
**Percentage Change, Fourth Quarter 1993**



SOURCE: U.S. Department of Labor.

Sluggish market conditions in Europe and Japan continue to plague our export industries. In Germany, forecasters are calling for their economy to grow, at most, 1.0 percent in 1994, while in Japan the outlook is much the same. Nevertheless, U.S. exports rose at a 14.7 percent annual rate in the fourth quarter. Exporters of capital goods and vehicles were particularly active.

**Chart 4**  
**Michigan Employment**  
**Percentage Change, Fourth Quarter 1993**



SOURCES: U.S. Department of Labor and MESC data.



The government sector is not even in the game. All levels of government spending declined at an annual rate of 0.7 percent in the fourth quarter, matching its overall percentage decline for the year. Government spending at the federal level fell at a 4.3 percent annual rate in the fourth quarter due to declines in defense expenditures and even greater cuts in nondefense expenditures. Spending at the state and local levels rose at a modest 1.6 percent annual rate in the quarter.

In addition, economic growth will be slightly hindered by the 1993 tax increase, which raises the marginal tax ceiling on the wealthy (individuals making taxable income of greater than \$115,000 or couples with a taxable income of \$140,000) from 31 percent to 36 percent. The tax, which will affect only 2 percent of the nation's taxpayers, is expected to raise approximately \$27 billion in revenues.

Fortunately, the current contractive fiscal policy may have a positive long-term impact by easing the pressure on long-term interest rates. The national deficit is expected to decline in real terms and as a percent of the GDP in the coming years. Moreover, consumer inflationary expectations have remained low in the past six months, also easing the pressure on long-term rates. Already the yield curve has flattened out during the past several months as the distance between short- and long-term rates has lessened.

Short-term rates have remained low in part because inflation has stayed low. In 1993, the CPI-U rose only 2.7 percent from December to December, the smallest gain in seven years. Inflationary expectations of households, as monitored by the University of Michigan, has fallen over the past several quarters.

Commodity prices are rising, on the other hand, indicating that inflationary pressures on finished goods could build in the coming months. In light of both the robust fourth-quarter economic performance and rising commodity prices, the Federal Reserve Board (Fed) nudged its federal funds rate up from 3.0 percent to 3.25 percent. The move was not a surprise to most forecasters and is not expected to derail the economy.

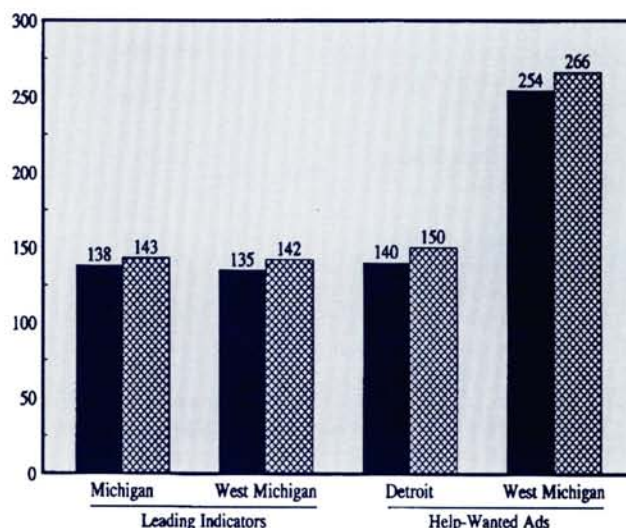
### Outlook for Michigan

*Total employment rose 0.9 percent in Michigan during the final quarter of 1993. All but one of the major industrial sectors reported employment increases, with the interest-sensitive durable goods sector posting the strongest gains. Except for a slight dip in housing starts, all indicators were positive in the quarter suggesting continued employment growth in the coming months.*

Goods-producing employment rose 1.3 percent in the fourth quarter, more than erasing a modest 0.4 percent

decline in the previous quarter. Manufacturing employment increased 1.5 percent in the quarter, due to strong employment gains in the state's large durable goods sector. Nearly 11,000 jobs were created in the state's durable goods sectors, with strong gains in fabricated metals, industrial machinery, and electrical equipment. Employment increased by 0.9 percent in the state's smaller nondurable goods sector as well.

**Chart 5**  
**Michigan and West Michigan Indexes**  
**Third Quarter 1993 and Fourth Quarter 1993**  
(1982=100)



First quarter 1994 output estimates for autos and light trucks suggest that production levels may match the previous high for the industry set back in 1973. According to *Ward's Auto World*, output of North American cars and light trucks may reach 3.9 million units in the first quarter. Compared to last year's first-quarter levels, General Motors is predicted to be up 13.6 percent to 1.45 million units, Ford up 9.3 percent to 1.03 million units, and Chrysler up 18.7 percent to 0.69 million units. Foreign nameplates are also expecting to increase their first-quarter output over last year's levels, but by more modest amounts. Overall, the Big Three are expected to produce 81.6 percent of all units built in North America during the quarter.

Employment in the state's service-producing industries rose 0.7 percent in the final quarter of 1993, with job gains reported in all sectors except wholesale trade. Over 10,000 jobs were created in the state's service sector, including health services, in the fourth quarter. Finally, government employment was up 1.0 percent in the quarter.

Despite the near 1.0 percent increase in wage and salary employment measured at the worksite, the state's unem-



**Table 1**  
**Michigan (Statewide) Statistics**  
(Adjusted for seasonal variations)

Measure	1993 fourth quarter	1993 third quarter	Percent change third to fourth	1992 fourth quarter	Percent change fourth to fourth
<b>Employment</b>					
Goods-producing .....	1,039,460	1,026,120	1.3	1,027,330	1.2
Construction & mining .....	134,360	134,050	0.2	127,720	5.2
Manufacturing .....	905,100	892,070	1.5	899,610	0.6
Durable goods .....	669,590	658,710	1.7	668,250	0.2
Nondurable goods .....	235,510	233,360	0.9	231,360	1.8
Private service-producing .....	2,303,380	2,287,580	0.7	2,261,090	1.9
Transportation & pub. utilities .....	155,070	154,650	0.3	154,800	0.2
Wholesale trade .....	197,870	198,000	-0.1	200,200	-1.2
Retail trade .....	743,030	737,950	0.7	734,600	1.1
Finance, insurance & real estate .....	188,950	188,730	0.1	188,300	0.3
Services .....	1,018,470	1,008,260	1.0	983,190	3.6
Government .....	639,220	633,200	1.0	642,020	-0.4
<b>Total .....</b>	<b>3,982,060</b>	<b>3,946,900</b>	<b>0.9</b>	<b>3,930,440</b>	<b>1.3</b>
<b>Unemployment</b>					
Number unemployed .....	325,430	321,510	1.2	366,740	-11.3
Unemployment rate .....	7.0	6.9	1.4	8.0	-12.5
<b>State indexes</b>					
Help-wanted ads:					
Detroit .....	150	140	7.1	116	29.3
West Michigan (5 LMAs) .....	266	254	4.7	207	28.5
Leading indicators .....	143	138	3.6	133	7.5
Local components:					
Average weekly hours .....	44.0	42.7	3.0	41.8	5.3
UI initial claims .....	15,876	17,993	-11.8	22,898	-30.7
New dwelling units <sup>a</sup> .....	36,674	37,636	-2.6	38,116	-3.8
SOURCES: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F. W. Dodge Division, McGraw Hill Information Systems Company, Detroit help-wanted index from The Conference Board and employment data from MESC. National components in Table A-3.					
NOTE: Categories may not sum to total due to rounding.					
a. New dwelling unit data are seasonally adjusted annual rates.					

**Table 2**  
**West Michigan (5 LMAs) Statistics**  
(Adjusted for seasonal variations)

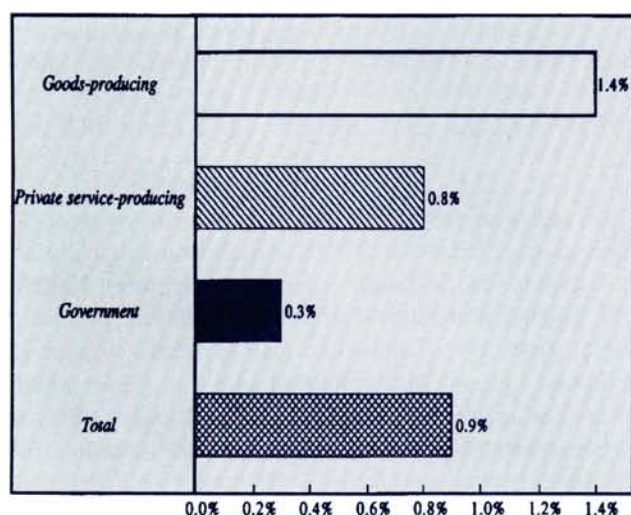
Measure	1993 fourth quarter	1993 third quarter	Percent change third to fourth	1992 fourth quarter	Percent change fourth to fourth
<b>Employment</b>					
Goods-producing .....	207,680	204,870	1.4	204,460	1.6
Construction & mining .....	25,860	25,720	0.5	24,870	4.0
Manufacturing .....	181,820	179,150	1.5	179,590	1.2
Durable goods .....	111,800	109,990	1.6	110,260	1.4
Nondurable goods .....	70,020	69,160	1.2	69,330	1.0
Private service-producing .....	383,840	380,930	0.8	375,240	2.3
Transportation & pub. utilities .....	24,030	23,650	1.6	23,440	2.5
Wholesale trade .....	38,500	38,400	0.3	38,070	1.1
Retail trade .....	126,070	125,210	0.7	124,230	1.5
Finance, insurance & real estate .....	31,450	31,130	1.0	30,480	3.2
Services .....	163,800	162,550	0.8	159,030	3.0
Government .....	85,540	85,300	0.3	84,630	1.1
<b>Total .....</b>	<b>677,070</b>	<b>671,090</b>	<b>0.9</b>	<b>664,340</b>	<b>1.9</b>
<b>Unemployment</b>					
Number unemployed .....	42,730	41,260	3.6	48,840	-12.5
Unemployment rate .....	5.8	5.6	3.6	6.8	-14.7
<b>Local indexes</b>					
Help-wanted ads .....					
.....	266	254	4.7	207	28.5
Leading indicators .....	142	135	5.2	130	9.2
Local components:					
Average weekly hours .....	42.9	42.8	0.2	41.7	2.9
UI initial claims .....	2,045	2,143	-4.6	2,541	-19.5
New dwelling units <sup>a</sup> .....	7,037	5,962	18.0	6,032	16.7
SOURCES: W. E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw Hill Information Systems Company, ad counts from five daily newspapers and employment data from MESC. National components in Table A-3.					
NOTE: Categories may not sum to total due to rounding.					
a. New dwelling unit data are seasonally adjusted annual rates.					



employment rate inched up to 7.0 percent in the quarter. The slight increase in the jobless rate was due to 0.8 percent decline in employment as measured by place of residence. The conflicting measures of statewide employment suggest that the number of self-employed individuals declined in the fourth quarter, as they are counted in the residential survey but not in the establishment-based wage and salary survey.

Economic indicators suggest that further job gains can be expected in the coming months. Both the Detroit and West Michigan Help-Wanted Indexes rose in the fourth quarter, 7.1 and 4.7 percent, respectively. In addition, the state's Index of Leading Indicators, which monitors employment conditions in the state's goods-producing sectors, rose 3.6 percent.

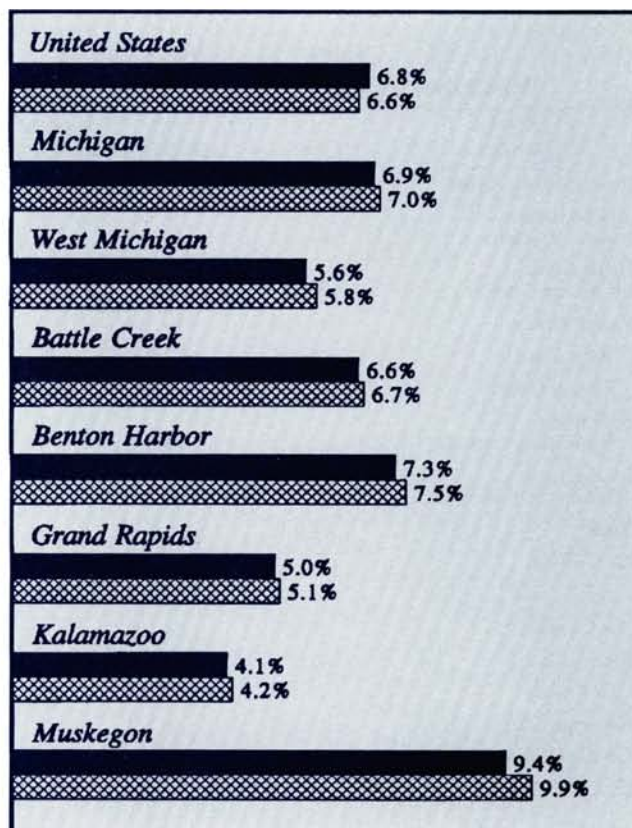
**Chart 6**  
**West Michigan Employment**  
**Percentage Change, Fourth Quarter 1993**



SOURCE: Based on MESG data for 5 LMAs in West Michigan.

The components of the Index of Leading Indicators were mixed in the fourth quarter. Average weekly hours of production workers jumped 3 percent, with manufacturing production workers logging in 44.0 hours per week on average. This is far above the national average of 41.7 hours per week and suggests that production pressures are building at many worksites to hire more workers. In addition, the number of initial claims for unemployment insurance was down 11.8 percent in the quarter. However, the number of new dwelling units put under contract dipped 2.6 percent.

**Chart 7**  
**Unemployment Rates**  
**Third Quarter 1993 and Fourth Quarter 1993**



### Outlook for West Michigan

Total employment in the five major labor market areas of West Michigan rose 0.9 percent in the fourth quarter, matching the state's overall rate. Like the state, job gains were reported across the board with the strongest gains made in the region's large manufacturing sector. Regional indicators suggest that further employment gains can be expected in the coming months.

Employment in the region's goods-producing sector rose a strong 1.4 percent in the final quarter of 1993, due to strong gains in manufacturing. Manufacturing employment rose by 1.5 percent in the quarter in contrast to a smaller 0.5 percent gain in construction and mining. The strong gain in manufacturing employment is due, in large part, to hiring by the region's auto suppliers to meet new orders.

Employment in the area's service-producing sector rose a moderate 0.8 percent in the quarter, with employment



gains reported across all major sectors. Finally, government employment rose a modest 0.3 percent in the quarter.

**Table 3**  
**Population Growth in West Michigan**

<b>Labor Market Areas</b>	<b>1990</b>	<b>1992</b>	<b>Percent Change</b>
<b>Metropolitan Areas</b>			
Benton Harbor (Berrien County)	161,378	161,466	0.1
Battle Creek (Calhoun County)	135,982	138,381	1.8
Grand Rapids	688,399	709,294	3.0
Kent County	500,631	511,997	2.3
Ottawa County	187,768	197,297	5.1
Kalamazoo (Kalamazoo County)	223,411	225,648	1.0
Muskegon (Muskegon County)	158,983	161,980	1.9
<b>Total</b>	<b>1,368,153</b>	<b>1,396,769</b>	<b>2.1</b>
<b>Rural Areas</b>			
Allegan County	90,508	93,078	2.8
Barry County	50,057	51,196	2.3
Branch County	41,502	41,900	1.0
Cass County	49,477	49,112	-0.1
Newaygo County	38,202	40,756	6.7
Oceana County	22,954	22,454	-2.2
St. Joseph County	58,913	59,388	0.8
Van Buren County	70,060	72,331	3.2
<b>Total</b>	<b>421,673</b>	<b>430,215</b>	<b>2.0</b>
<b>Total West Michigan</b>	<b>1,790,826</b>	<b>1,826,984</b>	<b>2.1</b>

Despite significant establishment-based employment gains, the region's unemployment rate rose two-tenths of a percent to 5.8 percent. Most of the increase in the unemployment rate is due to a statistical discrepancy and should be ignored. However, in several of the areas, improving

employment conditions are persuading more individuals to enter the labor force. Total employment measured by place of residence rose 0.2 percent in the quarter; however, the region's labor force rose 0.3 percent. Finally, as was true for the state, the differing growth rate of the total employment measurements for the region, by place of work or place of residence, suggests that the ranks of the self-employed declined in the fourth quarter.

Employment conditions in the short-term look promising for West Michigan. The region's composite Index of Help-Wanted Advertising was up 4.7 percent, and its Index of Leading Indicators was up 5.2 percent. The Help-Wanted Advertising Index tracks employment conditions primarily in the region's service-producing sectors, while the Index of Leading Indicators monitors employment trends in the goods-producing sectors.

All the components of the region's Index of Leading Indicators were positive in the fourth quarter. Average weekly hours of production workers rose 0.2 percent and still stands nearly 1.2 percentage points higher than the nation's rate. The number of new claims for unemployment insurance fell 4.6 percent. Finally, the number of new dwelling units put under contract rose a robust 18.0 percent.

According to population estimates released by the U.S. Department of Commerce, the five metropolitan labor market areas of West Michigan grew 2.1 percent from 1990 to 1992. As shown in Table 3, all five areas grew in population ranging from a very slight increase in Benton Harbor to more robust growth in the Grand Rapids area. More important, the estimates suggest that population trends in Benton Harbor and Battle Creek are improving; both areas suffered population declines between the 1980 and 1990 Census. In addition, Muskegon County witnessed very strong population growth during the first two years of the 1990s, despite the lack of employment growth.



## Definition of Terms

### Business Cycle Turning Dates

The historical business cycle turning dates used in this report are those designated by the National Bureau of Economic Research, Inc. (NBER). They mark the approximate dates when, according to NBER, aggregate economic activity reached its cyclical high (peak) or low (trough) levels.

### Employment

In this quarterly, "employment" is used instead of the more precise term, "wage and salary employment." The MESC employment data shown refer to "jobs by place of work," or nonagricultural employment.

**Goods Producing:** The number of workers on the payrolls of privately owned firms engaged in the production of durable or nondurable goods, construction and mining.

**Private Service Producing:** The number of workers on the payrolls of privately owned firms that provide services such as retail, finance, and wholesale.

**Government:** The estimate of the number of workers on national, state, or local governmental payrolls.

### Index of Leading Indicators, United States

A (composite) index based on 11 major components. Marginal employment adjustment measures include average weekly hours in manufacturing employment and average weekly initial UI claims. One of the two job vacancy series is Help-Wanted Advertising. New private housing units are part of the fixed capital investment component. For a complete list see *Survey of Current Business* and the 1984 *Handbook of Cyclical Indicators*. The U.S. Department of Commerce, Bureau of Economic Analysis.

### Initial Claims

A count of the number of new claims filed for unemployment insurance (UI) for regular state programs. Each initial claim filed indicates a new spell of unemployment for an experienced worker. In Michigan, to be eligible for benefits, an individual must have earned wages of at least 30 times the state minimum hourly wage during not less than 20 of the 52 consecutive calendar weeks preceding the benefit year. Each such week is termed a "credit week." An individual may qualify with as few as 14 credit weeks, however, if base period wages have been in excess of 20 times the state average weekly wage.

### Michigan Employment Security Commission (MESC)

Michigan Employment Security Commission is a state agency that administers the Job Service and the state/federal unemployment insurance programs and provides labor market information in keeping with state and federal reporting requirements.

### Labor Market Area (LMA)

LMAs are defined by the Michigan Employment Security Commission (MESC). These definitions are currently based upon U.S. Census 1983 Metropolitan Statistical Area boundaries. The boundaries of the state's LMAs are subject to revision as of January 1994.

The current boundaries are:

Battle Creek	Calhoun County
Benton Harbor	Berrien County
Grand Rapids	Kent and Ottawa Counties
Kalamazoo	Kalamazoo County
Muskegon	Muskegon County

### National Association of Purchasing Management Selected Components Indexed

The NAPM conducts a monthly survey of purchasing managers from a scientifically selected sample of firms across the nation. Responses indicate only the direction of change; the percentage reporting favorable changes minus those with unfavorable changes plus 100 equals the index as shown in this quarterly. For those familiar with diffusion indexes, these indexes represent two times the percentage reporting a change in a favorable direction, e.g., more new orders. (The favorable count includes one-half of those reporting no change.)

### Time Series

A set of numbers covering a known interval or timespan (e.g., months or quarters) that provide information about a well-defined activity, process or group. For local series that consistently change direction in advance of overall economic activity, see Table A-3. Those measuring current or past economic activity are found in Table A-4.

### Unemployed

The number of persons in the labor force who are without a job or on layoff but not expecting to be called back. In order to be counted, an individual must be seeking work.

### Vacancy Rate

The percentage of all housing units in existing homes or newly constructed units (visibly ready for occupancy) that are empty and therefore unoccupied. Vacancy rates in Michigan are determined by U.S. Postal Service delivery workers as part of an annual survey conducted for the Federal Home Loan Bank of Indianapolis and the 1990 Census. See Table A-5

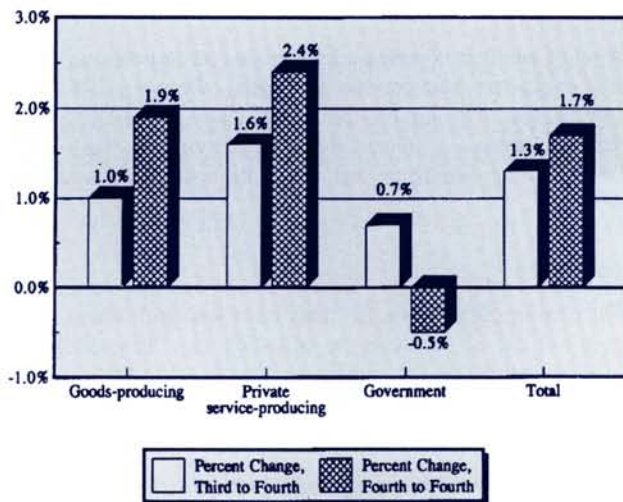


# BUSINESS OUTLOOK for the Battle Creek Area

Total employment grew by 1.3 percent in the Battle Creek LMA (Calhoun County) during the fourth quarter of 1993. Job gains were reported across most sectors. Area economic indicators were mixed, suggesting continued job growth in its goods-producing industries, but sluggish conditions in its service-producing sector in the coming months.

Employment in the area's goods-producing industries rose 1.0 percent in the fourth quarter, due in part to a 1.6 percent increase in durable goods employment. In particular, firms in the area's transportation equipment and auto-dependent fabricated metals industries employed 200 more workers in the fourth quarter of 1993 than in the same quarter of the previous year.

**Chart BC-1  
Battle Creek Employment  
Percentage Change**



Employment in the nondurable goods industries rose by 0.6 percent in the fourth quarter. Despite exceptionally long workweeks, companies are still cautious about hiring additional workers. Moreover, Ralston Purina announced that

productivity gains will allow it to reduce its current workforce by 14 percent (60 jobs) over the next 18 months.

Employment in the area's service-producing sector was up 1.6 percent in the fourth quarter, with strong employment gains in services and retail trade. The retail sector is going through some major changes. First, Wal-Mart is planning to open its largest general merchandise store in Michigan in the Battle Creek area this spring. The megastore will employ between 200 and 250 workers. However, since it is likely that many of these positions will come at the expense of jobs at existing retail stores, it is difficult to estimate the overall net effect on employment. Second, initial reactions to removing the pedestrian mall in downtown Battle Creek have been very positive. The vacancy rate of downtown retail stores has fallen and most retailers are reporting increased business.

Finally, government employment in the Battle Creek LMA rose 0.7 percent in the fourth quarter of 1993. The U.S. General Services Administration has finally committed the funds for a long-planned \$29 million facelift of the Federal Center, which provides some assurance that the Center may be spared in future defense cuts.

The area's unemployment rate inched up one-tenth of a percent to 6.7 percent for the quarter due to a statistical discrepancy.

The short-term employment outlook is mixed. The area's Index of Help-Wanted Advertising fell 4.4 percent in the quarter, indicating sluggish employment conditions in the service-producing sector in the coming months. On the other hand, the area's Index of Leading Indicators was up 3.6 percent, suggesting further job gains in the area's goods-producing industries.

The local components of the area's Index of Leading Indicators were mixed. Average weekly hours of production workers fell 0.9 percent in the quarter. Still, on average, area production workers logged in 44.1 hours per week during the quarter, well above the national rate. New claims for unemployment insurance inched up 2 percent. On the plus side, the number of new dwelling units put under contract jumped 19.4 percent.



**Table BC-1**  
**Battle Creek (Calhoun County) Statistics**  
 (Adjusted for seasonal variations)

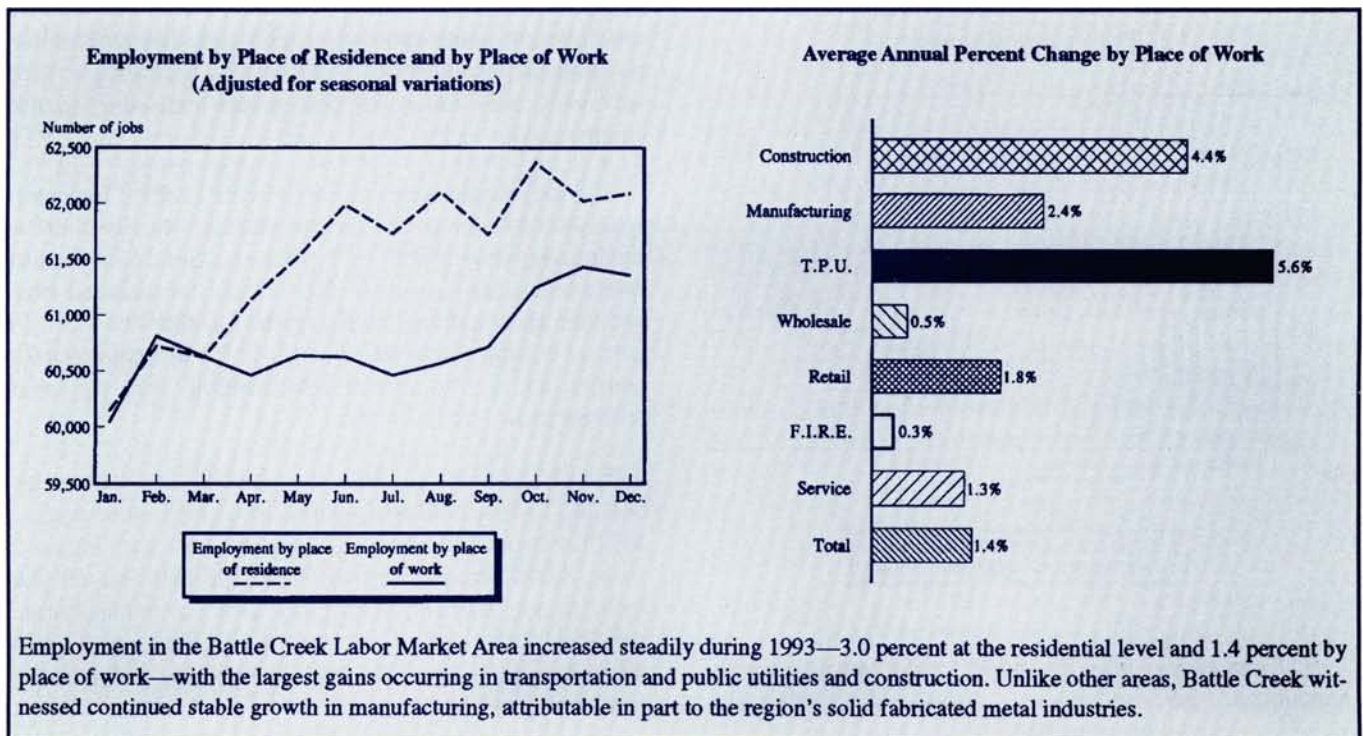
Measure	1993 fourth quarter	1993 third quarter	Percent change third to fourth	1992 fourth quarter	Percent change fourth to fourth
<b>Employment</b>					
Goods-producing .....	18,640	18,460	1.0	18,290	1.9
Construction & mining .....	1,980	1,970	0.5	1,920	3.1
Manufacturing .....	16,660	16,490	1.0	16,370	1.8
Durable goods .....	8,020	7,890	1.6	7,750	3.5
Nondurable goods .....	8,650	8,600	0.6	8,620	0.3
Private service-producing .....	31,360	30,860	1.6	30,630	2.4
Transportation & pub. utilities .....	1,950	1,920	1.6	1,950	0.0
Wholesale trade .....	1,700	1,690	0.6	1,700	0.0
Retail trade .....	11,760	11,470	2.5	11,280	4.3
Finance, insurance & real estate .....	3,090	3,090	0.0	3,090	0.0
Services .....	12,860	12,680	1.4	12,620	1.9
Government .....	11,350	11,270	0.7	11,410	-0.5
<b>Total .....</b>	<b>61,340</b>	<b>60,580</b>	<b>1.3</b>	<b>60,330</b>	<b>1.7</b>
<b>Unemployment</b>					
Number unemployed .....	4,420	4,360	1.4	4,610	-4.1
Unemployment rate .....	6.7	6.6	1.5	7.1	-5.6
<b>Local indexes</b>					
Help-wanted ads .....	130	136	-4.4	124	4.8
Leading indicators .....	144	139	3.6	145	-0.7
<b>Local components:</b>					
Average weekly hours .....	44.1	44.5	-0.9	42.7	3.3
UI initial claims .....	364	357	2.0	325	12.0
New dwelling units <sup>a</sup> .....	439	367	19.4	537	-18.3

SOURCES: W. E. Upjohn Institute for Employment Research. Based on dwelling data from F. W. Dodge Division, McGraw Hill Information Systems Company, ad count from *Battle Creek Enquirer* and employment data from MESIC. National components in Table A-3.

NOTE: Categories may not sum to total due to rounding.

a. New dwelling unit data are seasonally adjusted annual rates.

### Battle Creek Area 1993 Employment Growth by Residence and by Place of Work



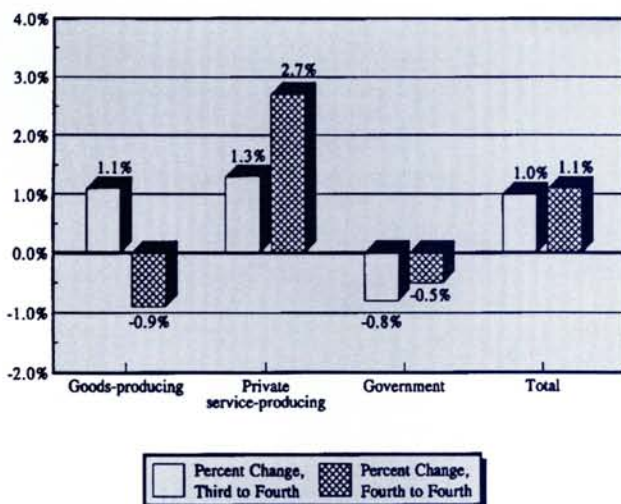


# BUSINESS OUTLOOK for the Benton Harbor Area

*Total employment in the Benton Harbor MSA rose a full 1.0 percent during the final quarter of 1993. Employment gains were broad-based, with only the area's government sector reporting declines. The area's short-term employment outlook is positive with area indicators pointing to improving employment conditions in both goods- and service-producing industries.*

Employment in the area's goods-producing sector rose 1.1 percent in the final quarter of 1993. Manufacturing employment was up 1.2 percent in the quarter. Much of the area's employment gain in manufacturing over the past year has been tied to the auto industry. Due to increased orders for auto components and parts, Atlantic Automotive Components, Dawson Manufacturing, and Hoffmann Die Cast Corporation have announced plans to hire new workers. Furthermore, Pullman Industries announced that, due to large new orders from the Big Three, it is investing \$10 million in new equipment at its South Haven (Van Buren County) facility and will employ up to 100 more workers within two years.

**Chart BH-1**  
**Benton Harbor Employment**  
**Percentage Change**



Unfortunately, several major employers recently announced job reductions. Whirlpool Corporation

announced that, due to technical flaws with a field-operated computer, it must cut back its consumer assistance program, resulting in the loss of approximately 35 jobs in the area. In addition, ZDS announced that 70 employees will lose their jobs as the company eliminates the second shift at its St. Joseph assembly plant.

Employment in the area's service-producing sectors rose 1.3 percent in the fourth quarter. Strong employment gains were reported in all sectors except for wholesale trade. However, government employment fell by 0.8 percent in the quarter.

The area's unemployment rate rose slightly to 7.5 percent, despite the employment gains at area businesses. Improving economic conditions coaxed more individuals into the job market than there were positions available.

The short-term employment forecast is promising, however. The area's Index of Help-Wanted Advertising rose by 6.2 percent, and its Index of Leading Indicators increased 3.0 percent. The Index of Help-Wanted Advertising monitors employment conditions in the service-producing sector, while the Index of Leading Indicators tracks employment conditions in goods-producing industries. The area's Manpower Incorporated office reported that, according to their survey of area firms, 23 percent are expecting to add employees during the first quarter.

The local components of the Index of Leading Indicators were mixed in the fourth quarter. Average weekly hours of production workers fell by 1.8 percent. Still, area production workers are logging in more hours per week on average than their national counterparts. On the plus side, the number of new claims for unemployment insurance fell 9.6 percent, and the number of new dwelling units put under contract inched up 0.4 percent.

Finally, Cornerstone Alliance, which serves Benton Harbor, St. Joseph and surrounding townships, announced a \$13.5 million economic development plan that hopes to create 3,000 net new jobs by 1998. The multifaceted plan includes job training, improving area air transportation, installing a fiber-optic network for the Elisha Gray II Enterprise Park for Commerce and Technology, and reducing retail leakages from the area.



**Table BH-1**  
**Benton Harbor (Berrien County) Statistics**  
 (Adjusted for seasonal variations)

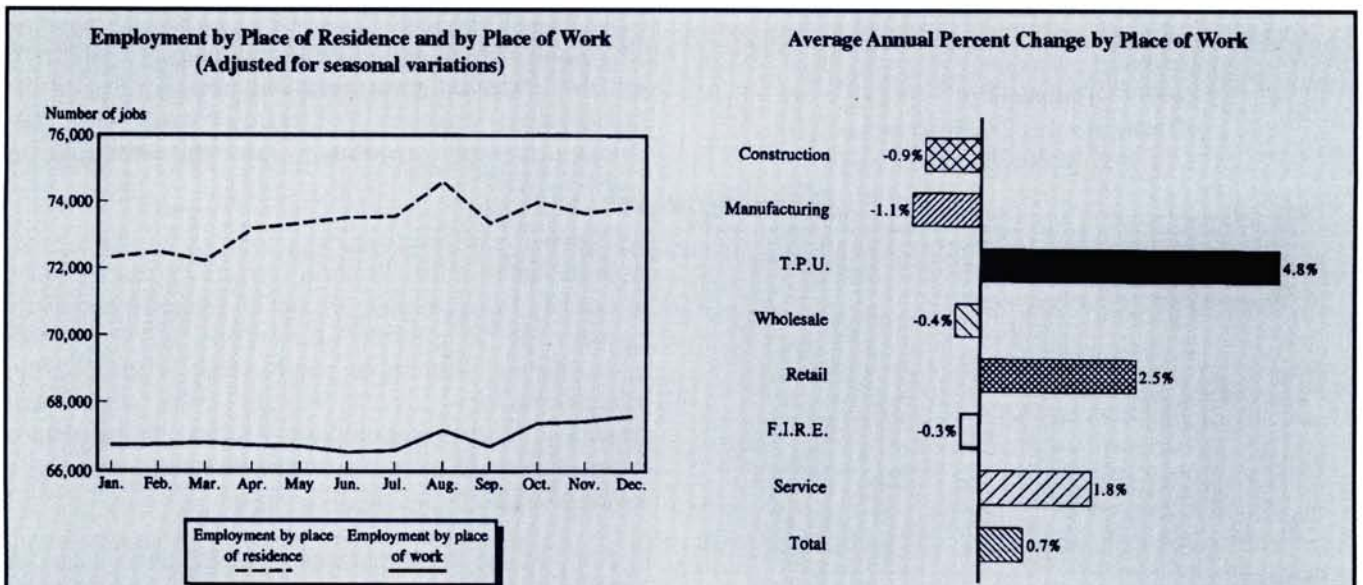
Measure	1993 fourth quarter	1993 third quarter	Percent change third to fourth	1992 fourth quarter	Percent change fourth to fourth
<b>Employment</b>					
Goods-producing .....	21,810	21,570	1.1	22,000	-0.9
Construction & mining .....	1,820	1,810	0.6	1,820	0.0
Manufacturing .....	19,990	19,760	1.2	20,180	-0.9
Durable goods .....	14,270	14,170	0.7	14,190	0.6
Nondurable goods .....	5,730	5,590	2.5	5,990	-4.3
Private service-producing .....	36,440	35,960	1.3	35,470	2.7
Transportation & pub. utilities .....	3,000	2,990	0.3	2,870	4.5
Wholesale trade .....	2,200	2,200	0.0	2,200	0.0
Retail trade .....	12,230	12,120	0.9	11,890	2.9
Finance, insurance & real estate .....	2,710	2,590	4.6	2,610	3.8
Services .....	16,310	16,060	1.6	15,910	2.5
Government .....	9,230	9,300	-0.8	9,280	-0.5
<b>Total .....</b>	<b>67,480</b>	<b>66,830</b>	<b>1.0</b>	<b>66,760</b>	<b>1.1</b>
<b>Unemployment</b>					
Number unemployed .....	5,970	5,860	1.9	6,440	-7.3
Unemployment rate .....	7.5	7.3	2.7	8.2	-8.5
<b>Local indexes</b>					
Help-wanted ads .....	465	438	6.2	256	81.6
Leading indicators .....	136	132	3.0	129	5.4
<b>Local components:</b>					
Average weekly hours .....	43.0	43.8	-1.8	42.9	0.2
UI initial claims .....	198	219	-9.6	265	-25.3
New dwelling units <sup>a</sup> .....	499	497	0.4	597	-16.4

SOURCES: W. E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw Hill Information Systems Company, ad count from *Benton Harbor Herald Palladium* and employment data from MESO. National components in Table A-3.

NOTE: Categories may not sum to total due to rounding.

a. New dwelling unit data are seasonally adjusted annual rates.

### Benton Harbor Area 1993 Employment Growth by Residence and by Place of Work



While the Benton Harbor MSA experienced a notable increase of 4.8 percent in its transportation and public utilities sector from 1992 to 1993, overall employment growth remained rather flat. Still, job gains outweighed losses, helping Benton Harbor achieve a 0.7 percent rise in total employment according to a place of work count and 2.4 percent by a place of residence measure.



# BUSINESS OUTLOOK

## for the

### Grand Rapids Area

*Total employment rose a healthy 0.9 percent in Kent and Ottawa Counties during the fourth quarter of 1993. All major industrial sectors reported employment gains. Moreover, the short-term employment outlook calls for continued employment gains in both the area's goods- and service-producing sectors.*

Employment in the Grand Rapids area's goods-producing sector increased a strong 1.7 percent in the fourth quarter of 1993. Employment in its manufacturing sector rose 1.8 percent and continues to be driven, in large part, by increased orders to the area's auto suppliers. For example, Leon Plastics will hire nearly 40 new workers because of a major parts contract with Nissan. Increased orders are forcing Diesel Technology Company to search for more space while waiting for the completion of their new Wyoming plant. Lacks Industries is planning to open a \$7.4 million auto parts painting plant that will employ 100 workers this summer in Kentwood. The General Motors AC Rochester Division is undertaking a \$31 million project that will retain 100 jobs and create 13 more. Even at Autodie, now owned by Progressive Tool and Industries, about 500 workers are back on the job; 18 months ago, the plant's entire workforce had been laid off.

The area's furniture manufacturers are expecting a slightly better year in 1994, with analysts forecasting total sales to reach \$8.5 billion, up from \$8 billion this year. Haworth saw a jump of 20 percent in 1993 sales and set a volume record of more than \$800 million.

Improving market conditions in the office furniture industry persuaded Westinghouse to take its Knoll Group off the auction block. Ironically, the Knoll Group announced shortly afterwards that it was laying off 130 workers from its Kentwood plant.

Overall, area furniture companies continue to search for profitable market niches such as health care providers, home offices, and small businesses. Herman Miller is looking back to the future and reintroducing its 1940 and 1950 line of residential furniture.

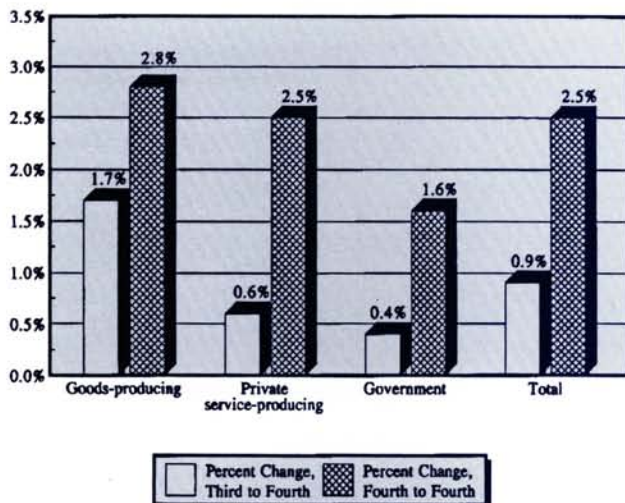
Employment in the Grand Rapids area's service-producing sector grew by 0.6 percent in the fourth quarter. Employment gains were broad-based. Government employment also rose a more modest 0.4 percent in the quarter.

The unemployment rate inched up one-tenth of a percent to 5.1 percent in the fourth quarter, despite healthy employment gains of the area's businesses. The rise in the area's jobless rate was mostly a statistical discrepancy. However, its labor force did grow faster than employment in the fourth quarter, suggesting that improved employment conditions persuaded individuals to enter the labor force to search for work.

The short-term employment outlook for the area is good. Both the Index of Help-Wanted Advertising and the Index of Leading Indicators rose around 7.0 percent in the fourth quarter. The Help-Wanted Advertising Index monitors employment conditions in the service-producing sector, while the Index of Leading Indicators tracks employment conditions in its goods-producing sector. In addition, a recent survey of area purchasing managers reported a strong boost in new orders.

None of the local components of the area's Index of Leading Indicators deteriorated in the quarter. Average weekly hours of production workers remained unchanged; new claims for unemployment insurance fell by 9.0 percent; and the number of new dwelling units put under contract soared by 30.3 percent.

**Chart GR-1**  
**Grand Rapids Employment**  
**Percentage Change**



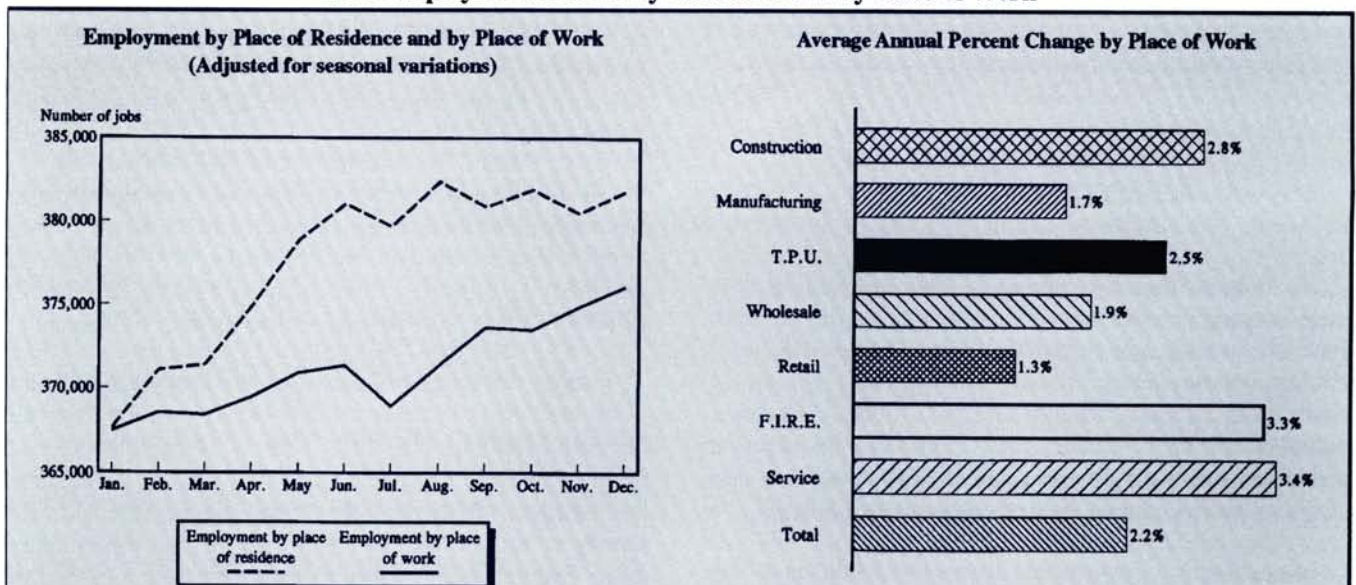


**Table GR-1**  
**Grand Rapids (Kent & Ottawa Counties) Statistics**  
 (Adjusted for seasonal variations)

Measure	1993 fourth quarter	1993 third quarter	Percent change third to fourth	1992 fourth quarter	Percent change fourth to fourth
<b>Employment</b>					
Goods-producing.....	118,690	116,720	1.7	115,410	2.8
Construction & mining.....	15,800	15,670	0.8	15,110	4.6
Manufacturing.....	102,900	101,050	1.8	100,300	2.6
Durable goods.....	67,550	66,320	1.9	65,650	2.9
Nondurable goods.....	35,350	34,730	1.8	34,650	2.0
Private service-producing.....	218,880	217,490	0.6	213,620	2.5
Transportation & pub. utilities.....	13,770	13,540	1.7	13,280	3.7
Wholesale trade.....	27,970	27,870	0.4	27,540	1.6
Retail trade.....	68,820	68,550	0.4	68,300	0.8
Finance, insurance & real estate.....	17,320	17,180	0.8	16,580	4.5
Services.....	90,990	90,360	0.7	87,910	3.5
Government.....	37,270	37,110	0.4	36,680	1.6
<b>Total.....</b>	<b>374,840</b>	<b>371,320</b>	<b>0.9</b>	<b>365,700</b>	<b>2.5</b>
<b>Unemployment</b>					
Number unemployed.....	20,450	19,880	2.9	24,050	-15.0
Unemployment rate.....	5.1	5.0	2.0	6.1	-16.4
<b>Local indexes</b>					
Help-wanted ads.....	303	283	7.1	245	23.7
Leading indicators.....	138	129	7.0	124	11.3
Local components:					
Average weekly hours.....	42.5	42.5	0.0	41.2	3.2
UI initial claims.....	943	1,036	-9.0	1,257	-25.0
New dwelling units <sup>a</sup> .....	4,680	3,591	30.3	3,555	31.6

SOURCES: W. E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw Hill Information Systems Company, ad count from *Grand Rapids Press* and employment data from MESC. National components in Table A-3.  
 NOTE: Categories may not sum to total due to rounding.  
 a. New dwelling unit data are seasonally adjusted annual rates.

**Grand Rapids Area**  
**1993 Employment Growth by Residence and by Place of Work**



Regardless of the employment series used, the Grand Rapids Labor Market Area witnessed outstanding employment growth in all segments of its economy. Unquestionably, the most stellar performances occurred in the finance, insurance, and real estate sector, and in the service sector, with reported job gains of 3.3 percent and 3.4 percent, respectively. As services become a more integral part of the overall economy, Grand Rapids is leading the way with substantial increases in business, health, and educational services.



# BUSINESS OUTLOOK

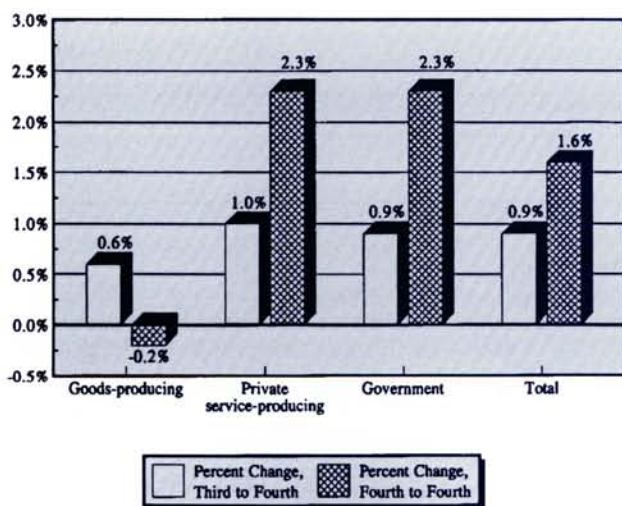
## for the

## Kalamazoo Area

*Total employment rose 0.9 percent in Kalamazoo County during the final quarter of 1993, with employment gains reported across most of the area's major industries. Moreover, the short-term employment outlook is positive for both the goods- and service-producing sectors.*

Employment in the area's goods-producing sector rose 0.6 percent in the fourth quarter of 1993. Employment in its construction industry rose 1.9 percent in the quarter, reflecting a 10.5 percent jump in new housing starts.

**Chart K-1**  
**Kalamazoo Employment**  
**Percentage Change**



In addition, recently announced building projects may keep construction employment up in the coming months. First of America announced that this spring it will begin construction on a \$15 million, 280,000-square-foot building at its Texas Township campus. Second, Michigan Cogeneration Partners plans to build a \$133 million electrical power and steam plant in Parchment, which will supply low-cost steam to the city's James River Corporation paper plant.

Manufacturing employment rose by 0.4 percent in the fourth quarter with job gains reported by both durable and nondurable goods manufacturers. The impact on the area of the booming auto industry can be seen in the increase in average weekly hours worked. Production workers in the

auto-dominated fabricated metals and plastics industries put in long hours during the fourth quarter. Production workers in fabricated metals logged in an average of 46 hours, while plastic production workers put in 46.5 hours. In the fourth quarter of 1992, by comparison, production workers in fabricated metals and plastics averaged 41.3 and 41.2 hours per week, respectively.

Employment in the Kalamazoo area's service-producing industries rose 1.0 percent in the quarter, with employment declines reported only in wholesale trade. Employment in retail trade, even after seasonally adjusting for the holidays, rose by 1.1 percent. Finally, government employment was up 0.9 percent in the quarter.

The area's unemployment rate inched up one-tenth of a percent to 4.2 percent in the fourth quarter, despite employment gains. The slight rise is a statistical discrepancy and should not be taken as a sign of deteriorating employment conditions.

Indeed, the short-term employment outlook for the area is positive, as the Index of Help-Wanted Advertising rose 6.2 percent and the Index of Leading Indicators increased 3.1 percent in the fourth quarter. The Help-Wanted Advertising Index monitors employment conditions in the service-producing sector, while the Index of Leading Indicators tracks conditions in the area's goods-producing sector.

The local components of the Index of Leading Indicators were mixed in the quarter. Average weekly hours of production workers were up, but the number of new claims for unemployment insurance was also up. Finally, the number of new dwelling units put under contract rose 10.5 percent.

Finally, the long-term future of the Kalamazoo County economy was enhanced by the announcement from the Western Michigan University College of Engineering and Applied Sciences of a new master's degree in manufacturing science, which was developed specifically to assist managers and workers in small- and medium-sized industries. Second, Kalamazoo County received a \$150,000 grant from the Economic Development Administration to develop an economic development strategy to soften the blow of the scheduled mid-1998 closing of the area General Motors plant.

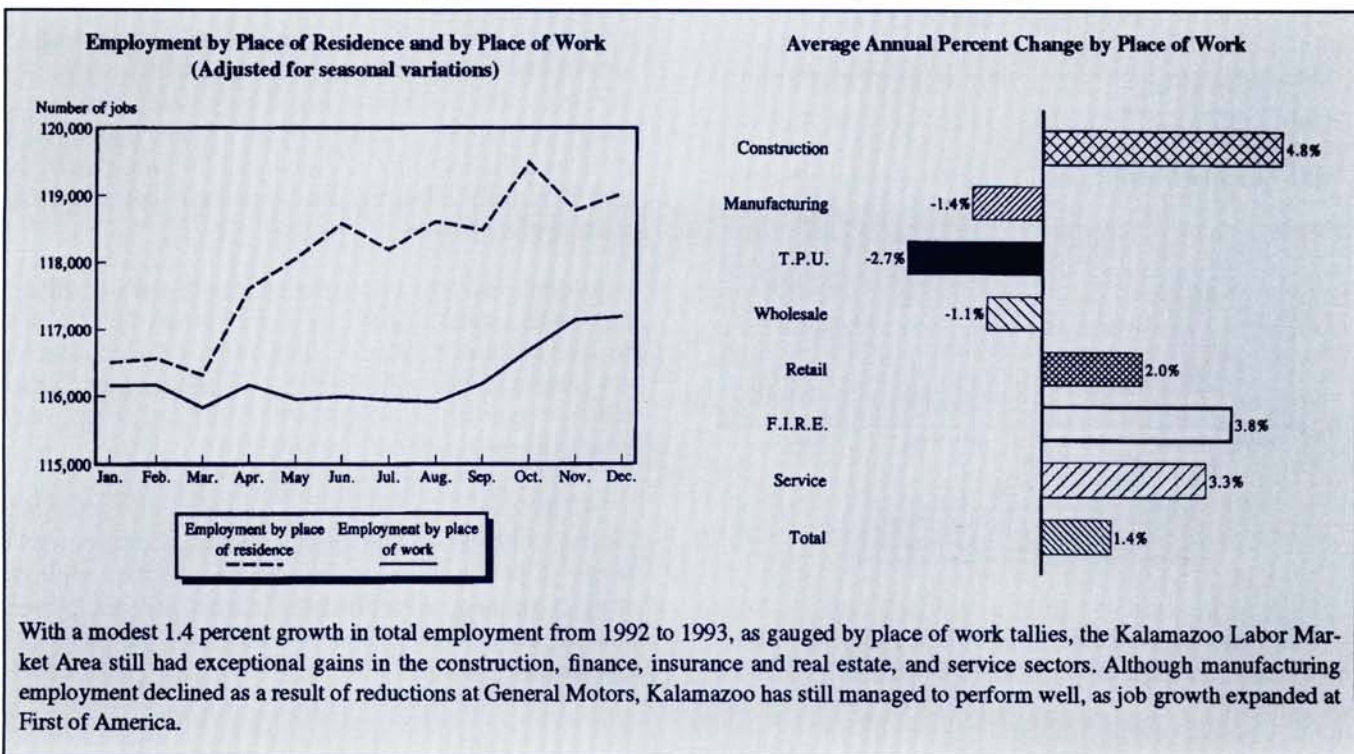


**Table K-1**  
**Kalamazoo (Kalamazoo County) Statistics**  
(Adjusted for seasonal variations)

Measure	1993 fourth quarter	1993 third quarter	Percent change third to fourth	1992 fourth quarter	Percent change fourth to fourth
<b>Employment</b>					
Goods-producing .....	31,850	31,660	0.6	31,900	-0.2
Construction & mining .....	4,260	4,180	1.9	4,130	3.1
Manufacturing .....	27,590	27,480	0.4	27,770	-0.6
Durable goods .....	10,660	10,580	0.8	11,050	-3.5
Nondurable goods .....	16,930	16,900	0.2	16,720	1.3
Private service-producing .....	66,890	66,240	1.0	65,360	2.3
Transportation & pub. utilities .....	3,150	3,070	2.6	3,050	3.3
Wholesale trade .....	4,440	4,460	-0.4	4,440	0.0
Retail trade .....	22,070	21,820	1.1	21,420	3.0
Finance, insurance & real estate .....	6,530	6,460	1.1	6,400	2.0
Services .....	30,700	30,430	0.9	30,050	2.2
Government .....	18,280	18,120	0.9	17,870	2.3
<b>Total .....</b>	<b>117,010</b>	<b>116,020</b>	<b>0.9</b>	<b>115,130</b>	<b>1.6</b>
<b>Unemployment</b>					
Number unemployed .....	5,200	5,070	2.6	6,310	-17.6
Unemployment rate .....	4.2	4.1	2.4	5.2	-19.2
<b>Local indexes</b>					
Help-wanted ads .....	240	226	6.2	190	26.3
Leading indicators .....	132	128	3.1	119	10.9
Local components:					
Average weekly hours .....	44.2	43.2	2.3	42.5	4.0
UI initial claims .....	265	256	3.5	396	-33.1
New dwelling units <sup>a</sup> .....	906	821	10.5	866	4.7

SOURCES: W. E. Upjohn Institute for Employment Research. Based on dwelling data from F. W. Dodge Division, McGraw Hill Information Systems Company, ad count from *Kalamazoo Gazette* and employment data from MESO. National components in Table A-3.  
NOTE: Categories may not sum to total due to rounding.  
a. New dwelling unit data are seasonally adjusted annual rates.

**Kalamazoo Area**  
**1993 Employment Growth by Residence and by Place of Work**





# BUSINESS OUTLOOK

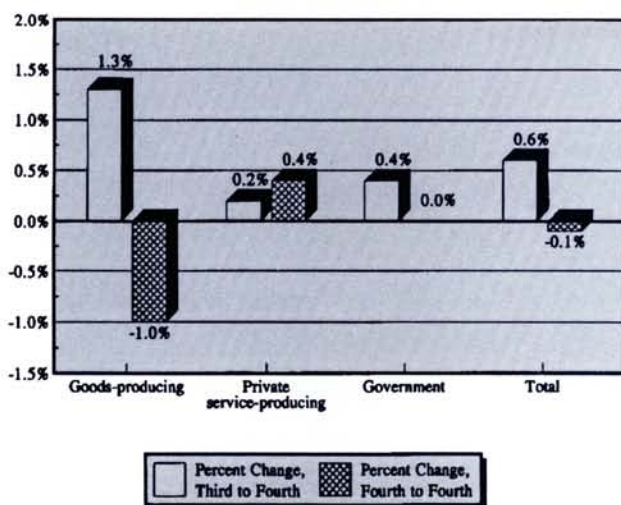
## for the

### Muskegon Area

*Total employment rose 0.6 percent in Muskegon County during the final quarter of 1993, powered by a significant jump in manufacturing employment. The area's economic indicators point to positive employment conditions in both goods- and services-producing industries in the coming months.*

Employment in the Muskegon area's goods-producing sector grew by 1.3 percent in the fourth quarter of 1993, with employment in manufacturing rising by 1.7 percent. Employment in the area's durable goods manufacturing rose 2.0 percent in the quarter, while employment increased 0.9 percent in its smaller nondurable goods manufacturing sector. Nondurable goods employment was also up 0.9 percent from the previous year. Unfortunately, a nationwide glut in the pulp-making industry is currently forcing S.D. Warren to make workplace adjustments through enhanced retirement packages. Among the durable goods industries, furniture and primary metals employed more workers in this fourth quarter than a year ago.

**Chart M-1**  
**Muskegon Employment**  
**Percentage Change**



Manufacturing workers in the area are logging in more hours than last year. Average weekly hours of production

workers in the metals industry reached 43.9 hours in the fourth quarter, which was 5.8 percent higher than fourth quarter levels in 1992. Industrial machinery production workers logged in 7.2 percent more hours per week than in the same quarter a year ago. Longer workweeks mean greater earnings and also suggest increasing pressure to hire more workers.

Employment in the area's service-producing sector inched up only 0.2 percent in the fourth quarter. Retail employment rose 0.6 percent after adjusting for the traditional holiday hiring. However, employment declines were reported in transportation and public utilities and wholesale trade. Finally, government employment rose 0.4 percent in the quarter.

Despite the reported employment gains by place of work in the fourth quarter, the Muskegon area unemployment rate rose five-tenths of a percent to 9.9 percent in the fourth quarter. The unemployment rate is based on the employment situation of area residents and not on the employment levels of area employers. While employers saw an increase in employment, residents witnessed a 0.6 percent decline in employment in the fourth quarter. This can be explained by a decline in the number of self-employed individuals, who are not counted in the place of work statistics, and/or loss of jobs by area residents who had been commuting outside the county for work. Either way, the rise in the jobless rate, unfortunately, indicates a decrease in buying power that may negatively affect the area's consumer-based activities in the coming months.

Nevertheless, the economic indicators were positive in the fourth quarter, suggesting further hiring by area businesses. The area's Index of Help-Wanted Advertising rose 4.4 percent in the quarter, and the Index of Leading Indicators, which monitors employment conditions in the goods-producing sector, rose 4.2 percent.

All three local components of the Index of Leading Indicators improved in the fourth quarter. Average weekly hours of production workers rose 3.9 percent, while the number of new unemployment claims fell 6.1 percent. Finally, the number of new dwelling units put under contract rose 3.7 percent.



**Table M-1**  
**Muskegon (Muskegon County) Statistics**  
(Adjusted for seasonal variations)

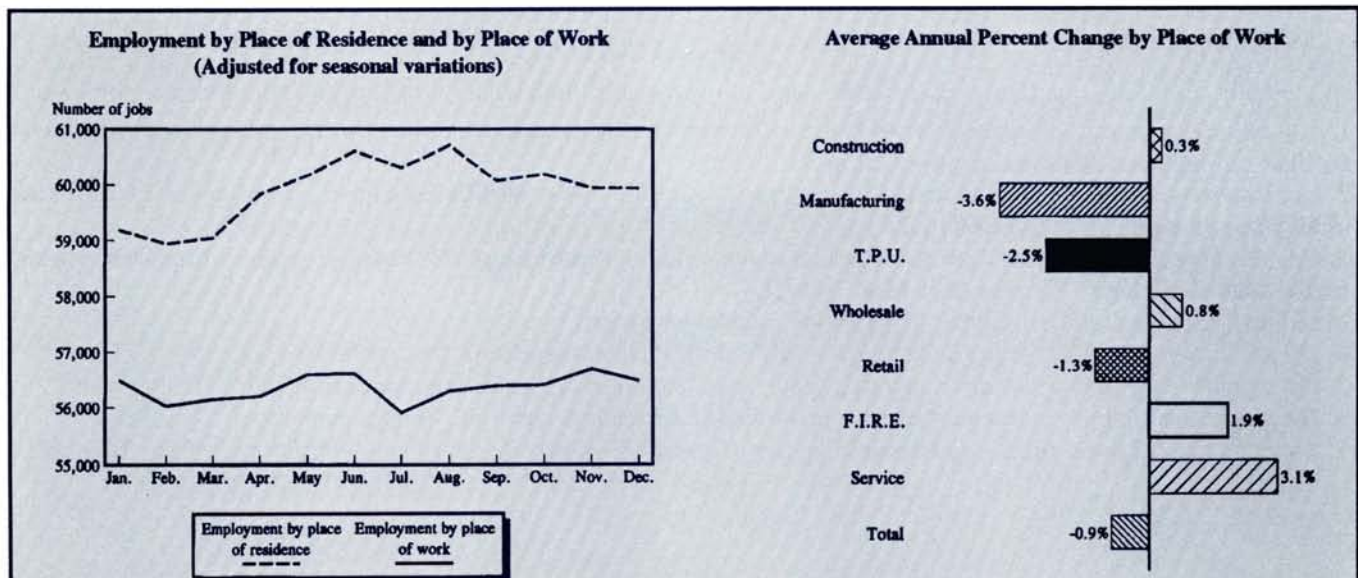
Measure	1993 fourth quarter	1993 third quarter	Percent change third to fourth	1992 fourth quarter	Percent change fourth to fourth
<b>Employment</b>					
Goods-producing .....	16,700	16,480	1.3	16,870	-1.0
Construction & mining .....	2,030	2,060	-1.5	1,920	5.7
Manufacturing .....	14,670	14,420	1.7	14,950	-1.9
Durable goods .....	11,240	11,020	2.0	11,550	-2.7
Nondurable goods .....	3,430	3,400	0.9	3,400	0.9
Private service-producing .....	30,410	30,350	0.2	30,300	0.4
Transportation & pub. utilities .....	2,170	2,180	-0.5	2,310	-6.1
Wholesale trade .....	2,190	2,210	-0.9	2,200	-0.5
Retail trade .....	11,240	11,170	0.6	11,370	-1.1
Finance, insurance & real estate .....	1,800	1,800	0.0	1,800	0.0
Services .....	13,010	13,000	0.1	12,630	3.0
Government .....	9,410	9,370	0.4	9,410	0.0
<b>Total .....</b>	<b>56,530</b>	<b>56,200</b>	<b>0.6</b>	<b>56,570</b>	<b>-0.1</b>
<b>Unemployment</b>					
Number unemployed .....	6,560	6,310	4.0	7,290	-10.0
Unemployment rate .....	9.9	9.4	5.3	11.0	-10.0
<b>Local indexes</b>					
Help-wanted ads .....	189	181	4.4	158	19.6
Leading indicators .....	148	142	4.2	138	7.2
<b>Local components:</b>					
Average weekly hours .....	42.8	41.2	3.9	40.9	4.6
UI initial claims .....	278	296	-6.1	310	-10.3
New dwelling units <sup>a</sup> .....	714	688	3.7	647	10.4

SOURCES: W. E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw Hill Information Systems Company, ad count from *Muskegon Chronicle* and employment data from MESOC. National components in Table A-3.

NOTE: Categories may not sum to total due to rounding.

a. New dwelling unit data are seasonally adjusted annual rates.

### Muskegon Area 1993 Employment Growth by Residence and by Place of Work



Comparing place of work and place of residence measures for the Muskegon Labor Market Area, it can be observed that Muskegon witnessed an outflow of residents every morning who commute to surrounding areas to work. Both gauges remained only somewhat stable during 1993, with place of work employment registering a 0.9 percent decrease and place of residence recording a 1.0 percent increase. Job losses overwhelmed job gains with a 3.6 percent drop in manufacturing and a 2.5 percent decline in transportation and public utilities.



**Table A-1**  
**Index of Help-Wanted Advertising (1982=100)**

Labor market area	Annual averages (Selected years)					By quarter (Adjusted for seasonal variations)					
	1981	1988	1989	1990	1991	1992	1992	1993			
							IV	I	II	III	IV
Battle Creek.....	134	234	217	176	135	129	124	124	137	136	130
Benton Harbor.....	100	309	305	295	225	271	256	282	300	438	465
Grand Rapids.....	144	314	309	275	207	234	245	250	272	283	303
Kalamazoo.....	140	296	298	244	173	186	190	202	207	226	240
Muskegon.....	123	203	192	198	155	161	158	159	173	181	189
West Michigan, 5 LMAs.....	100	288	283	249	187	205	207	214	237	254	266
Detroit, Michigan LMA.....	50	177	170	135	95	106	116	119	125	140	150
United States.....	138	216	208	177	128	128	129	132	133	138	146

SOURCES: West Michigan indexes based on ad counts from the *Battle Creek Enquirer*, *Benton Harbor Herald Palladium*, *Grand Rapids Press*, *Kalamazoo Gazette*, and *Muskegon Chronicle*; United States and Detroit indexes derived from (1967=100) series of The Conference Board.

**Table A-2**  
**Index of Leading Indicators (1982=100)**  
**(Rounded)**

Labor market area	Annual averages (Selected years)						By quarter (Adjusted for seasonal variations)				
	1981	1988	1989	1990	1991	1992	1992	1993			
							IV	I	II	III	IV
Battle Creek.....	123	145	136	143	133	145	145	149	143	139	144
Benton Harbor.....	100	135	124	125	114	128	129	135	134	132	136
Grand Rapids.....	119	143	133	130	117	124	124	130	130	129	138
Kalamazoo.....	122	138	126	123	114	121	119	129	126	128	132
Muskegon .....	125	141	134	132	124	133	138	142	145	142	148
West Michigan, 5 LMAs.....	100	148	138	137	122	130	130	137	136	135	142
Michigan .....	122	153	142	141	125	133	133	142	140	138	143

SOURCES: National index from U.S. Department of Commerce, all others from the W.E. Upjohn Institute.

#### Technical Note

As presently constituted, the components and the range of weights used in the Indexes of Leading Indicators are as follows:

1. *Average weekly hours of production workers in manufacturing.* A separate series is used for each metropolitan area and for the State of Michigan. Weights range from .31 to .45.
  2. *Initial claims for unemployment insurance (inverted).* A separate series is used for each metropolitan area and for the State of Michigan. Weights range from .09 to .12.
  3. *New dwelling units put under contract (4-term trailing average).* A separate series is used for each metropolitan area and for the State of Michigan. Weights range from .04 to .12.
- In addition, each area's index includes the following national measures:
4. *The proportion of firms reporting an increase in new orders.* Weights range from .09 to .13.
  5. *The proportion of firms reporting an increase in purchased materials prices.* Weights range from .09 to .13.
  6. *The proportion of firms reporting an increase in purchased materials inventories.* Weights range from .09 to .12.
  7. *The proportion of firms reporting a change in vendor performance (slower delivery time).* Weights range from .10 to .14.



**Table A-3**  
**Components of the Index of Leading Indicators**

<b>1. Average Weekly Hours of Production Workers</b>											
<b>Labor market area</b>	<b>Annual averages (Selected years)</b>						<b>By quarter (Adjusted for seasonal variations)</b>				
	1981	1988	1989	1990	1991	1992	1992	1993			
							IV	I	II	III	IV
Battle Creek.....	41.8	42.4	41.9	42.3	42.5	42.8	42.7	42.9	43.7	44.5	44.1
Benton Harbor.....	40.7	42.1	42.4	41.6	40.7	41.8	42.9	43.0	43.2	43.8	43.0
Grand Rapids.....	39.8	41.2	41.3	40.7	40.1	40.8	41.2	41.6	41.8	42.5	42.5
Kalamazoo.....	40.7	42.7	42.1	41.8	42.1	42.3	42.5	44.1	43.7	43.2	44.2
Muskegon.....	41.5	40.9	41.3	40.6	39.9	40.2	40.9	40.6	41.1	41.2	42.8
West Michigan, 5 LMAs.....	40.5	41.6	41.6	41.2	40.7	41.3	41.7	42.2	42.4	42.8	42.9
Michigan.....	40.5	43.2	43.1	41.7	41.5	41.8	41.8	42.7	42.7	42.7	44.0
United States.....	40.0	41.1	40.9	40.7	40.6	41.1	41.3	41.3	41.3	41.4	41.7
<b>2. Initial Claims for Unemployment Insurance (Average per week)</b>											
<b>Labor market area</b>	<b>Annual averages (Selected years)</b>						<b>By quarter (Adjusted for seasonal variations)</b>				
	1981	1988	1989	1990	1991	1992	1992	1993			
							IV	I	II	III	IV
Battle Creek.....	497	295	318	338	388	358	325	279	299	357	364
Benton Harbor.....	258	252	289	272	348	296	265	217	201	219	198
Grand Rapids.....	1,298	1,038	1,061	1,361	1,527	1,417	1,257	1,009	1,008	1,036	943
Kalamazoo.....	450	292	339	385	398	391	396	300	301	256	265
Muskegon.....	504	320	354	388	444	394	310	292	289	296	278
West Michigan, 5 LMAs.....	3,005	2,196	2,361	2,742	3,105	2,856	2,541	2,094	2,120	2,143	2,045
Michigan.....	29,289	17,053	17,276	21,198	26,628	24,104	22,898	16,415	16,424	17,993	15,876
United States.....	430,975	304,940	316,880	368,050	443,680	422,480	409,770	352,300	370,430	395,190	370,650
<b>3. New Dwelling Units - Put Under Contract</b>											
<b>Labor market area</b>	<b>Annual averages (Selected years)</b>						<b>By quarter (Seasonally adjusted annual rate)</b>				
	1981	1988	1989	1990	1991	1992	1992	1993			
							IV	I	II	III	IV
Battle Creek.....	179	226	264	527	441	521	537	469	380	367	439
Benton Harbor.....	259	390	383	493	392	595	597	532	503	497	499
Grand Rapids.....	2,460	5,448	5,214	5,387	3,741	3,650	3,555	3,323	3,642	3,591	4,680
Kalamazoo.....	1,670	1,485	1,640	1,662	708	912	866	1,013	648	821	906
Muskegon.....	436	446	531	665	618	655	647	618	747	688	714
West Michigan, 5 LMAs.....	2,335	8,028	8,002	8,794	5,929	6,341	6,032	5,879	6,094	5,962	7,037
Michigan.....	26,893	47,118	43,817	48,025	35,998	37,908	38,116	38,107	36,809	37,636	36,674
<b>4. National Purchasing Management Association Survey (Selected components indexed)<sup>a</sup></b>											
<b>Component</b>	<b>Annual averages (Selected years)</b>						<b>By quarter (Adjusted for seasonal variations)</b>				
	1981	1988	1989	1990	1991	1992	1992	1993			
							IV	I	II	III	IV
New orders.....	93	118	100	95	102	116	115	121	107	108	121
Change in inventories.....	90	99	91	82	80	89	86	87	92	91	91
Vendor performance.....	92	85	105	104	95	100	101	104	104	102	104
Changes in material prices.....	130	154	106	112	87	99	90	106	105	101	103

SOURCES: Average weekly hours and initial claims based on information from Michigan Employment Security Commission; number of housing units put under contract, F.W. Dodge Division, McGraw Hill Information Systems Company; survey data from the National Association of Purchasing Management. Seasonal adjustments by the Institute.

a. Survey results shown here are based on percent reporting conditions favorable to economic growth minus percent reporting conditions unfavorable to economic growth plus 100.



**Table A-4**  
**Employment Data for West Michigan Labor Market Areas and Michigan**  
(Thousands of jobs - by place of work)

Labor market area	Total Employment <sup>a</sup>										
	Annual averages (Selected years)						By quarter (Adjusted for seasonal variations)				
	1981	1988	1989	1990	1991	1992	1992	1993			
							IV	I	II	III	IV
Battle Creek.....	53.3	58.7	59.7	60.6	58.8	59.9	60.3	60.5	60.5	60.6	61.3
Benton Harbor.....	58.7	65.3	67.0	67.4	66.5	66.5	66.8	66.9	66.7	66.8	67.5
Grand Rapids.....	267.9	332.1	350.6	357.8	359.2	363.2	365.7	368.2	370.6	371.3	374.8
Kalamazoo.....	95.3	108.5	113.6	115.2	112.5	114.7	115.1	116.1	116.0	116.0	117.0
Muskegon.....	54.7	57.8	59.1	59.4	57.5	56.9	56.6	56.2	56.5	56.2	56.5
West Michigan, 5 LMAs.....	529.9	622.4	650.0	660.4	654.5	661.2	664.3	667.8	670.3	671.1	677.1
Michigan.....	3,351.3	3,819.2	3,922.3	3,949.2	3,865.7	3,904.1	3,930.4	3,959.8	3,949.0	3,946.9	3,982.1
Labor market area	Goods-Producing Employment <sup>b</sup>										
	Annual averages (Selected years)						By quarter (Adjusted for seasonal variations)				
	1981	1988	1989	1990	1991	1992	1992	1993			
							IV	I	II	III	IV
Battle Creek.....	18.4	18.0	18.5	18.5	17.7	18.0	18.3	18.3	18.6	18.5	18.6
Benton Harbor.....	22.7	23.6	24.2	23.8	22.7	21.9	22.0	21.8	21.6	21.6	21.8
Grand Rapids.....	100.4	115.9	119.5	118.7	116.0	115.2	115.4	116.8	117.0	116.7	118.7
Kalamazoo.....	31.8	34.6	34.6	33.4	31.5	32.1	31.9	32.1	31.8	31.7	31.9
Muskegon.....	21.3	19.6	19.4	19.1	17.9	17.2	16.9	16.7	16.8	16.5	16.7
West Michigan, 5 LMAs.....	194.7	211.7	216.2	213.5	205.8	204.5	204.5	205.7	205.8	204.9	207.7
Michigan.....	1,086.1	1,098.1	1,121.6	1,089.4	1,027.8	1,020.0	1,027.3	1,037.2	1,028.5	1,026.1	1,039.5
Labor market area	Private Service-Producing Employment <sup>c</sup>										
	Annual averages (Selected years)						By quarter (Adjusted for seasonal variations)				
	1981	1988	1989	1990	1991	1992	1992	1993			
							IV	I	II	III	IV
Battle Creek.....	25.1	29.3	29.6	30.6	30.1	30.5	30.6	30.8	30.6	30.9	31.4
Benton Harbor.....	27.6	33.1	34.2	34.7	34.8	35.3	35.5	35.8	35.8	36.0	36.4
Grand Rapids.....	136.9	183.5	197.8	205.1	208.1	211.6	213.6	214.5	216.2	217.5	218.9
Kalamazoo.....	47.2	56.7	61.4	63.8	62.7	64.7	65.4	65.8	65.8	66.2	66.9
Muskegon.....	24.7	28.8	30.3	30.8	30.3	30.1	30.3	30.1	30.3	30.4	30.4
West Michigan, 5 LMAs.....	261.5	331.4	353.3	365.0	366.0	372.1	375.2	377.1	378.7	380.9	383.8
Michigan.....	1,667.1	2,097.5	2,177.6	2,231.1	2,206.3	2,242.8	2,261.1	2,281.9	2,277.6	2,287.6	2,303.4
Labor market area	Government Employment										
	Annual averages (Selected years)						By quarter (Adjusted for seasonal variations)				
	1981	1988	1989	1990	1991	1992	1992	1993			
							IV	I	II	III	IV
Battle Creek.....	9.9	11.4	11.6	11.6	10.9	11.4	11.4	11.4	11.3	11.3	11.4
Benton Harbor.....	8.4	8.6	8.7	8.9	9.1	9.3	9.3	9.3	9.3	9.3	9.2
Grand Rapids.....	30.6	32.8	33.4	34.0	35.1	36.4	36.7	36.9	37.4	37.1	37.3
Kalamazoo.....	16.3	17.3	17.6	18.0	18.2	17.9	17.9	18.2	18.4	18.1	18.3
Muskegon.....	8.7	9.3	9.5	9.5	9.4	9.6	9.4	9.4	9.4	9.4	9.4
West Michigan, 5 LMAs.....	73.7	79.4	80.8	82.0	82.7	84.6	84.6	85.0	85.8	85.3	85.5
Michigan.....	598.0	623.5	623.2	628.6	631.6	641.3	642.0	640.7	642.9	633.2	639.2

SOURCE: Michigan Employment Security Commission. Seasonal adjustments by the Institute.

NOTE: Annual employment statistics are adjusted to reflect MESC's final average annual employment figures. Quarterly estimates are subject to change due to the addition of current quarter employment estimates.

a. Components may not add to totals because of rounding.

b. Manufacturing and construction and mining.

c. Transportation and public utilities; wholesale trade; retail trade; finance, insurance, and real estate; and services.



**Table A-5**  
**Vacancy Rates for Selected Metropolitan Labor Market Areas in Michigan**

Labor market area	Total existing housing units				
	Housing units		All Types*	Vacancy rates	
	Total	Vacant		Homeowner	Rental
Ann Arbor .....	111,256	6,728	6.0	1.3	7.0
Battle Creek .....	55,619	3,807	6.8	1.1	8.8
Benton Harbor .....	69,532	8,507	12.2	1.5	6.6
Detroit .....	1,714,351	95,401	5.6	1.1	7.4
Flint .....	170,808	9,512	5.6	1.1	7.1
Grand Rapids .....	259,322	14,918	5.8	1.1	7.7
Jackson .....	57,979	4,319	7.4	1.1	6.5
Kalamazoo .....	88,955	5,253	5.9	1.3	8.0
Lansing .....	165,018	8,131	4.9	1.2	6.4
Muskegon .....	61,962	4,164	6.7	1.3	7.3
Saginaw-Bay City-Midland .....	155,508	7,273	4.7	1.0	5.5

SOURCE: 1990 U.S. Census Summary Tape File 1A.

\*Includes vacant seasonal, recreational, or occasional use housing units.

Labor market area	Existing housing units plus units under construction (vacancy rates)				
	End date of survey	All types	Single family	Single family	
				attached	Multifamily
Ann Arbor .....	03/07/90	4.2	1.6	6.3	7.5
Battle Creek .....	10/14/88	4.0	2.6	9.3	9.6
Benton Harbor .....	04/06/89	3.4	2.7	4.1	6.3
Detroit .....	12/11/90	3.2	2.1	5.9	6.6
Flint .....	03/16/89	3.7	2.8	6.0	7.1
Grand Rapids .....	03/25/89	3.4	2.0	5.2	7.9
Jackson .....	05/11/89	3.1	2.0	11.0	6.7
Kalamazoo .....	03/16/89	5.2	2.6	10.7	10.8
Lansing .....	10/27/88	3.3	2.6	4.1	5.3
Muskegon .....	06/01/89	2.9	2.3	17.0	3.9
Saginaw-Bay City-Midland .....	09/23/89	2.5	2.0	5.1	4.3

SOURCE: Federal Home Loan Bank of Indianapolis.

NOTE: Vacancy rates for United States are not strictly comparable. In 1991 vacancy rates published by U.S. Department of Commerce show rental housing vacancy rates for the first, second, third, and fourth quarters of 1991 at 7.5, 7.3, 7.6, and 7.3 percent. Homeowner housing vacancy rates for the same periods were 1.7, 1.8, 1.8, and 1.6 percent.

**Table A-6**  
**Population by Age Groups**  
**Five Metropolitan Areas in West Michigan**

Area	Total	Percent Distribution					
		Under 5	5-20	21-24	25-44	45-64	Over 64
Battle Creek (Calhoun) .....	1990 135,982	7.4	23.9	5.1	30.4	19.8	13.4
	1980 141,579	7.4	27.1	6.7	26.6	20.9	11.3
Benton Harbor (Berrien) .....	1990 161,378	7.4	24.1	5.2	29.9	19.7	13.7
	1980 171,276	7.7	28.4	6.6	26.5	19.9	11.0
Grand Rapids Area .....	1990 688,399	8.7	24.7	6.3	33.3	16.5	10.5
	1980 601,680	8.2	28.4	8.0	27.7	17.8	9.8
Kent County .....	1990 500,631	8.7	24.1	6.3	33.7	16.4	10.8
	1980 444,506	8.1	27.8	8.3	27.5	18.1	10.2
Ottawa County .....	1990 187,768	8.5	26.5	6.1	32.2	16.8	9.8
	1980 157,174	8.4	30.1	7.4	28.4	17.0	8.7
Kalamazoo County .....	1990 223,411	7.3	24.4	8.2	32.1	17.4	10.6
	1980 212,378	6.9	28.1	10.2	28.5	17.4	8.9
Muskegon County .....	1990 158,983	8.1	24.2	5.2	31.1	18.3	13.1
	1980 157,589	7.9	28.4	7.1	25.9	20.0	10.7

SOURCES: 1980 Census General Population Characteristics and 1990 Census, Summary Tape File 1A from the Michigan State Office of Management and Budget.

NOTE: The 1980 and 1990 population figures for each of the metropolitan areas is shown on Table A-11.



**Table A-7**  
**1991 Earnings by Industry for Selected Counties of Michigan**  
(Thousands of dollars)

Earnings by industry	Berrien	Calhoun	Kalamazoo	Kent	Muskegon	Ottawa
Farm .....	\$21,711	\$8,955	\$24,975	\$34,796	\$10,691	\$67,756
Nonfarm .....	1,783,513	1,819,339	3,441,061	8,318,824	1,587,311	2,306,786
Private .....	1,552,321	1,486,155	2,972,111	7,586,320	1,339,181	2,041,788
Agricultural services, forestry, fisheries, and other .....	6,857	3,966	17,734	32,620	4,005	18,555
Mining .....	5,694	3,490	3,073	12,736	3,426	2,180
Construction .....	66,654	72,467	150,422	460,871	77,018	172,675
Manufacturing .....	689,557	671,078	1,285,110	2,692,315	576,745	990,055
Nondurable goods .....	148,456	428,430	768,506	808,643	120,658	327,149
Durable goods .....	541,101	242,648	516,604	1,883,672	456,087	662,906
Transportation & public utilities .....	112,694	113,217	110,761	350,981	88,988	98,731
Wholesale trade .....	66,402	50,741	130,873	832,248	64,384	116,053
Retail trade .....	174,543	166,302	283,947	919,144	163,676	208,665
Finance, insurance & real estate .....	58,148	90,524	177,616	369,664	31,518	44,685
Services .....	371,772	314,370	812,575	1,915,741	329,421	390,189
Government .....	231,192	333,184	468,950	732,504	248,130	264,998
Total earnings by place of work .....	1,805,224	1,828,294	3,466,036	8,353,620	1,598,002	2,374,542

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis.

**Table A-8**  
**Consumer Price Index**

Consumer Price Index (CPI), U.S. City Average (1982-84=100)												
Year	Annual											
	Avg.	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov. Dec.
CPI for All Urban Consumers (CPI-U)												
1984 .....	103.9	101.9	102.4	102.6	103.1	103.4	103.7	104.1	104.5	105.0	105.3	105.3 105.3
1985 .....	107.6	105.5	106.0	106.4	106.9	107.3	107.6	107.8	108.0	108.3	108.7	109.0 109.3
1986 .....	109.6	109.6	109.3	108.8	108.6	108.9	109.5	109.5	109.7	110.2	110.3	110.4 110.5
1987 .....	113.6	111.2	111.6	112.1	112.7	113.1	113.5	113.8	114.4	115.0	115.3	115.4 115.4
1988 .....	118.3	115.7	116.0	116.5	117.1	117.5	118.0	118.5	119.0	119.8	120.2	120.3 120.5
1989 .....	124.0	121.1	121.6	122.3	123.1	123.8	124.1	124.4	124.6	125.0	125.6	125.9 126.1
1990 .....	130.7	127.4	128.0	128.7	128.9	129.2	129.9	130.4	131.6	132.7	133.5	133.8 133.8
1991 .....	136.2	134.6	134.8	135.0	135.2	135.6	136.0	136.2	136.6	137.2	137.4	137.8 137.9
1992 .....	140.3	138.1	138.6	139.3	139.5	139.7	140.2	140.5	140.9	141.3	141.8	142.0 141.9
1993 .....	144.5	142.6	143.1	143.6	144.0	144.2	144.4	144.4	144.8	145.1	145.7	145.8 145.8
CPI for Urban Wage Earners and Clerical Workers (CPI-W)												
1984 .....	103.3	101.6	101.8	101.8	102.1	102.5	102.8	103.2	104.2	104.8	104.8	104.7 104.8
1985 .....	106.9	104.9	105.4	105.9	106.3	106.7	107.0	107.1	107.3	107.6	107.9	108.3 108.6
1986 .....	108.6	108.9	108.5	107.9	107.6	107.9	108.4	108.4	108.6	109.1	109.1	109.2 109.3
1987 .....	112.5	110.0	110.5	111.0	111.6	111.9	112.4	112.7	113.3	113.8	114.1	114.3 114.2
1988 .....	117.0	114.5	114.7	115.2	115.7	116.2	116.7	117.2	117.7	118.5	118.9	119.0 119.2
1989 .....	122.6	119.7	120.2	120.8	121.8	122.5	122.8	123.2	123.2	123.6	124.2	124.4 124.6
1990 .....	129.0	125.9	126.4	127.1	127.3	127.5	128.3	128.7	129.9	131.1	131.9	132.2 132.2
1991 .....	134.3	132.8	132.8	133.0	133.3	133.8	134.1	134.3	134.6	135.2	135.4	135.8 135.9
1992 .....	138.2	136.0	136.4	137.0	137.3	137.6	138.1	138.4	138.8	139.1	139.6	139.8 139.8
1993 .....	142.1	140.3	140.7	141.1	141.6	141.9	142.0	142.1	142.4	142.6	143.3	143.4 143.3

SOURCE: Bureau of Labor Statistics, U.S. Department of Labor.

NOTES: Monthly data are shown above unadjusted for seasonal variations. Unadjusted CPI data are used extensively for escalation purposes. Although the CPI is often called the "Cost-of-Living Index," it measures only price change, which is just one of several important factors affecting living costs. All CPI series are linked historically to the original CPI Index for Urban Wage Earners and Clerical Workers. These series contain no revision but are reprinted for the convenience of the user.

PERCENT CHANGE: Movements of these indexes from one time period to another are usually expressed as percent changes rather than changes in index points. Index point changes are affected by the level of the index in relation to its base period while percent changes are not. Examples of computation follow:

$$\left[ \frac{108.6 \text{ (1986 annual avg.)} - 106.9 \text{ (1985 annual avg.)}}{106.9 \text{ (1985 annual avg.)}} \right] \times 100 = 1.6\% \text{ change 1985 to 1986, CPI-W.}$$

$$\left[ \frac{109.3 \text{ (1986 December)} - 108.6 \text{ (1985 December)}}{108.6 \text{ (1985 December)}} \right] \times 100 = 0.6\% \text{ change December 1985 to December 1986, CPI-W.}$$

$$\left[ \frac{110.0 \text{ (1987 January)} - 109.3 \text{ (1986 December)}}{109.3 \text{ (1986 December)}} \right] \times 100 = 0.6\% \text{ change December 1986 to January 1987, CPI-W.}$$



**Table A-9**  
**Selected Labor Market Indicators**  
**(Not adjusted for seasonal variations)**

Labor market area	Average for manufacturing production workers <sup>a</sup> December 1993			Civilian labor force unemployment rate <sup>b</sup>	
	Weekly hours	Hourly earnings	Weekly earnings	October 1993	December 1993
United States .....	42.4	\$12.01	\$509.22	6.3	6.4
Michigan .....	45.1	16.11	726.56	6.5	6.8
West Michigan labor market areas:					
Battle Creek .....	44.1	17.97	792.48	6.4	6.9
Benton Harbor .....	43.8	11.60	508.08	7.1	7.4
Grand Rapids .....	43.3	13.11	567.66	4.7	5.0
Kalamazoo .....	45.2	15.08	681.62	3.9	4.2
Muskegon .....	44.9	12.88	578.31	9.6	9.7
Other labor market areas:					
Ann Arbor .....	45.6	17.50	798.00	3.6	3.8
Detroit .....	47.2	17.35	818.92	6.6	6.5
Flint .....	46.5	21.52	1,000.68	9.9	9.4
Jackson .....	43.9	11.29	495.63	7.3	7.9
Lansing-E. Lansing .....	41.4	19.08	789.91	4.5	4.8
Saginaw-Bay City-Midland .....	43.6	18.36	800.50	6.4	6.8
Upper Peninsula .....	39.7	11.11	441.07	7.4	9.9

SOURCES: U.S. Department of Labor and the Michigan Employment Security Commission (most recent benchmark).

a. Preliminary. Earnings include overtime and part-time wages.

b. Seasonally adjusted rate for U.S. was 6.7 percent in October 1993 and 6.5 percent in December 1993. Seasonally adjusted rate for Michigan was 6.5 percent in October 1993 and 6.8 percent in December 1993.

**Table A-10**  
**Commercial Banking Data**  
**Third Quarter 1993**  
**(In thousands of current dollars)**

	LMAs <sup>a</sup>				
	Battle Creek	Benton Harbor	Grand Rapids	Kalamazoo	Muskegon
Total deposits .....	\$45,979	\$773,339	\$6,241,056	\$2,320,089	\$300,275
Total transaction accounts <sup>b</sup> .....	14,885	180,887	1,476,846	702,375	64,138
Nontransaction savings <sup>c</sup> .....	19,796	258,781	1,842,520	741,494	81,201
Time deposits <\$100,000 .....	10,284	292,060	1,767,557	687,458	115,803
Time deposits >\$100,000 <sup>d</sup> .....	1,014	40,227	1,153,768	188,762	39,133
Total assets .....	52,258	874,096	7,816,609	2,786,043	350,095
Total loans .....	21,499	552,431	4,971,549	1,668,195	221,164
Agriculture .....	131	4,711	36,026	25,212	1,000
Business .....	2,307	114,687	1,318,173	280,829	53,422
Consumer .....	4,092	71,248	924,530	377,292	42,736
Government .....	552	4,915	58,298	72,348	5,565
Real estate .....	14,353	355,469	2,546,390	1,118	117,342
Other <sup>e</sup> .....	64	1,401	88,132	884,496	1,099

SOURCE: Federal Reserve Bank of Chicago.

a. Reported data include deposits and assets in all branches of banks with home offices in the five labor market areas (LMAs).

b. Total transaction accounts include demand deposits, automated teller accounts, and NOW accounts.

c. Nontransaction savings include money market depository accounts (MMDAs) and IRAs.

d. This category includes both time certificates and open-time certificates over \$100,000.

e. Includes loans made to depository institutions, leases, and bankers' acceptances, and unearned income.



**Table A-11**  
**Population and Income Update for Selected Area**

Area	Population				Per Capita Income			
	1990	1980	Change	% Change	1989	1979	% Change (current dollars)	% Change (constant dollars)
Michigan .....	9,295,297	9,262,078	33,219	0.4	\$14,154	\$7,688	84.1	7.8
Southwest Michigan .....	1,751,125	1,646,424	104,701	6.4	13,271	7,072	87.7	9.9
Metropolitan areas								
6-county total.....	1,368,153	1,284,502	83,651	6.5	13,680	7,240	89.0	10.6
Battle Creek (Calhoun County).....	135,982	141,579	(5,597)	-4.0	12,729	7,211	76.5	3.4
Benton Harbor (Berrien County)....	161,378	171,276	(9,898)	-5.8	12,636	6,728	87.8	10.0
Grand Rapids area .....	688,399	601,680	86,719	14.4	14,370	7,437	93.2	13.1
Kent County .....	500,631	444,506	56,125	12.6	14,378	7,522	91.1	11.9
Ottawa County.....	187,768	157,174	30,594	19.5	14,347	7,198	99.3	16.7
Kalamazoo County .....	223,411	212,378	11,033	5.2	14,548	7,769	87.3	9.6
Muskegon County .....	158,983	157,589	1,394	0.9	11,345	6,358	78.4	4.5
Nonmetropolitan								
7-county total.....	382,972	361,922	21,050	5.8	11,813	6,476	82.4	6.8
Allegan .....	90,509	81,555	8,954	11.0	12,498	6,744	85.3	8.5
Barry .....	50,057	45,781	4,276	9.3	12,417	6,965	78.3	4.4
Branch .....	41,502	40,188	1,314	3.3	11,033	6,449	71.1	0.2
Cass .....	49,477	49,499	(22)	0.0	12,167	6,481	87.7	9.9
Oceana.....	22,454	22,002	452	2.1	9,582	5,627	70.3	-0.3
St. Joseph.....	58,913	56,083	2,830	5.0	12,039	6,473	86.0	8.9
Van Buren .....	70,060	66,814	3,246	4.9	11,233	6,108	83.9	7.7

SOURCES: State of Michigan Department of Management and Budget and U.S. Bureau of the Census.

**Table A-12**  
**Existing Homes Sales**

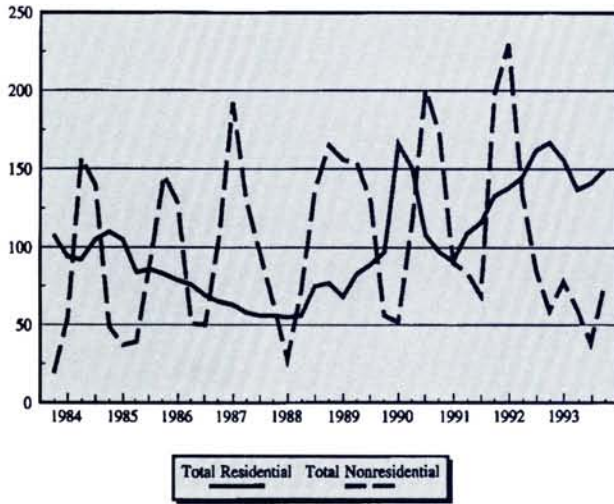
	Number of sales Fourth quarter			Average sales price Fourth quarter		
	1993	1992	Percent change	1993	1992	Percent change
Battle Creek Area .....	386	317	21.8	65,722	61,330	7.2
Berrien County Area .....	658	642	2.5	86,335	81,505	5.9
Grand Rapids Area .....	1,827	1,610	13.5	92,264	83,372	10.7
Holland Area .....	409	326	25.5	99,389	90,130	10.3
Kalamazoo Area .....	784	666	17.7	89,990	78,530	14.6
Muskegon Area .....	491	407	20.6	75,357	69,060	9.1
Michigan .....	12,544	11,276	11.2	73,715	65,871	11.9

SOURCES: Michigan Association of Realtors and the Muskegon Board of Realtors.

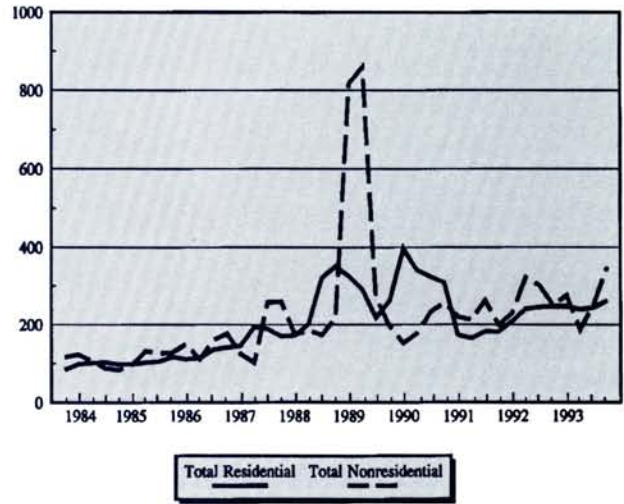


**Construction Index**  
**Fourth Quarter 1983 - Fourth Quarter 1993**

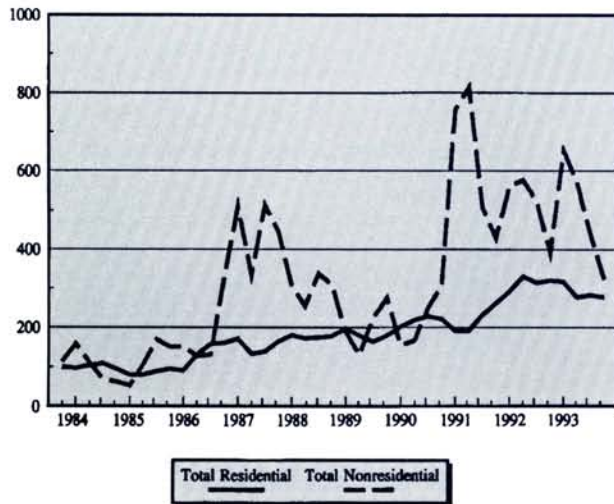
**Battle Creek Area**



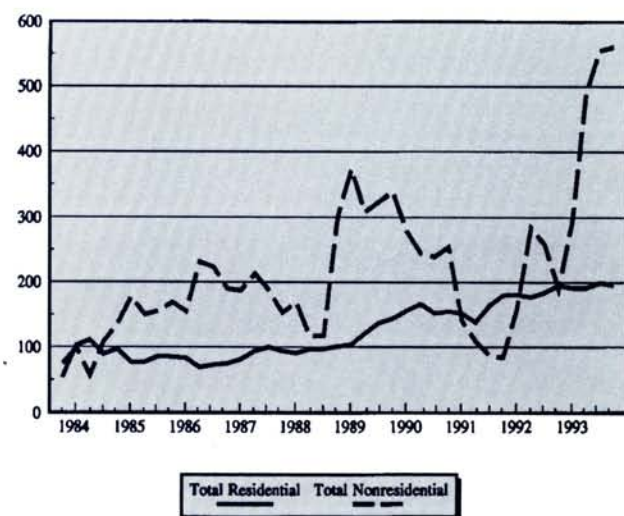
**Kalamazoo Area**



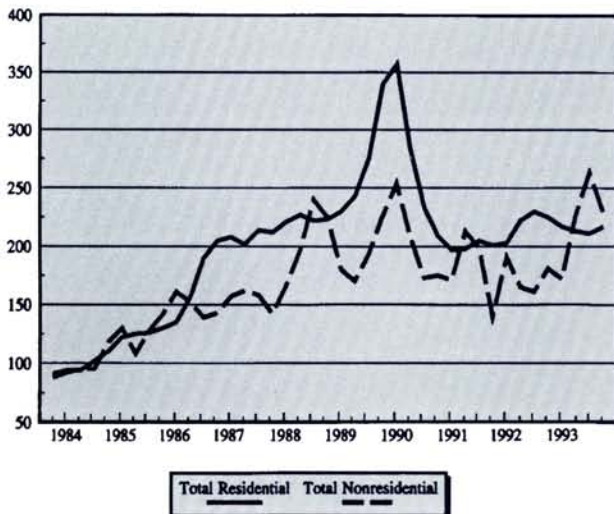
**Benton Harbor Area**



**Muskegon Area**



**Grand Rapids Area**



SOURCE: McGraw Hill, F.W. Dodge Division.

NOTE: The Construction Index reflects nominal expenditures for residential and nonresidential properties. It is based on a 6-month moving average and is benchmarked to 1984.







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